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The Image and Politics of Coca-Cola: From the Early Years to the Present

Introduction

“Coca-Cola” is the most universally recognized word on earth after “OK,” and has come to symbolize the American way of life arguably more than any other product.¹ The Coca-Cola Company throughout its history has invested millions of dollars to perpetuate the drink’s image as a symbol of all things good, decent, and honest about America—a symbol of tradition, freedom, and democracy.² Coke is seen as more than a drink by its loyal fans. It brings on the nostalgia of better times, simpler times, with images of “high school pep rallies, that first driver’s license, hot rods, swimming pools, and street dances... linking America to the rest of the world and looming as large as a symbol of the United States as the Statue of Liberty.”³ Interestingly enough, the Statue of Liberty was unveiled in New York on the same day that the first batch of Coca-Cola syrup was stirred.⁴ Yet at various times throughout its history Coca-Cola has also symbolized

¹Mark Pendergrast, *For God, Country & Coca-Cola: The Definitive History of the World’s Most Popular Soft Drink* 8 (Orion Business Books 2000).

²See, e.g., Flora Steinbach Palazzini, *Coca-Cola Superstar* 41 (Everbest Printing Co. 1988) (1986).

³Thomas Oliver, *The Real Coke, The Real Story* 4 (Random House 1986).

⁴Pat Watters, *Coca-Cola: An Illustrated History* 9 (Doubleday & Company 1978).

American imperialism, violence, and death for many around the globe.⁵ For better or for worse, however, people identify Coca-Cola as a uniquely American icon. As one commentator put it: “Coke is so strongly identified with the United States that when countries fall out with us politically, Coke’s exile sometimes closely follows the expulsion of our ambassador.”⁶ Marketing strategies in the more recent past have sought to establish Coca-Cola as a symbol of international unity and as sensitive to local cultures (for example, the Company has marketed beverages abroad that do not exist in the United States as a way to cater to local tastes), yet at the center of this marketing there remains the message that what unites the world, in spite of differences, is a distinctly American company and product.⁷ People may disagree about the reality of “coca-colonization” (the term given to describe American cultural imperialism) but what seems to be clear is that Coca-Cola is at the very least seen by many, and has been portrayed by the Company, as an American representative abroad, a symbol of all that is America.⁸

Since Coca-Cola, like all soft drinks, is an unnecessary product (it is 99% sugar water and devoid of nutritional content), to defend its share of the mass- market advertising has been crucial in developing a positive public image. Thus, Coca-Cola has taken advantage of all opportunities to create a squeaky-clean image from its early history to the present, and the Company has been blessed with great leadership and political and business savvy to see it through obstacles both at home and abroad. Yet although the Company has benefited from politics, has affected politics to a great extent, and has at some times been all about politics, the Company claims to never enter politics.⁹ Thus, “it has been perfectly willing to co-exist with Hitler, bejeweled Maharajas, impoverished migrant workers, malnourished Africans, Guatemalan death squads, clear-cut Belizean rainforests, or repressive Chinese.”¹⁰ The Company thus sees itself as having no real

⁵ *E.g.*, J.C. Louis & Harvey Z. Yazijian, *The Cola Wars* 13 (Everest House 1980).

⁶ *Id.*

⁷ *See, e.g.*, Ted Friedman, *The World of “The World of Coca-Cola”* 10 (1992), <http://eserver.org/theory.world-of-coca-cola.html>

⁸ *Id.* at 11

⁹ *E.g.*, Pendergrast, *supra* note 1, at 451.

¹⁰ *Id.* at 452

morality and no commandment other than increased consumption of its drink. Mark Pendergrast labels this “the beauty of capitalism,” but states that since Coca-Cola will always respond to bad publicity, the public can monitor its corporate behavior this way.¹¹

Although all companies are profit-driven and create positive images in order to sell their products (not to be saviors of humanity and get involved in every country’s politics), Coca-Cola is unique in that the Company created its image deliberately to be a symbol of democracy, freedom, and other American values, and has often affirmatively acted (as opposed to merely staying out of a situation) in direct opposition to this image that it has purposely created and perpetuated to the public. The question then becomes whether Coca-Cola, as a sort of ambassador of the United States, should voluntarily assume a social and ethical responsibility to its consumers to try to avoid acts that directly contradict its image as a symbol of American values, culture, and freedom. Since the Company took advantage of political events to create Coke’s image in the first place, should it not then respect the image that it created by occasionally taking a moral stance? Would this perhaps result in greater sales over the long run as people gain more respect for a corporation that is true to its advertising?

The Coca-Cola Company goes to great lengths to conceal what it considers to be damaging or questionable aspects of its history. For example, *The World of Coca-Cola* in Atlanta, a museum that opened in August of 1990 that tells a loose chronological history of Coke through advertising memorabilia, video presentations, live demonstrations, and interactive technology, fails to mention the fact that Coca-Cola once contained small amounts of cocaine, even though it quite clearly did.¹² Similarly, in discussing Coca-Cola in World War II, no mention is made anywhere of the fact that the Company aggressively sold Coke to the Nazis in Germany. Rather, the video presentations in the museum focus on how Coca-Cola constructed bottling

¹¹*Id.*

¹²Mark Pendergrast, *For God, Country and Coca-Cola: The Unauthorized History of the Great American Soft Drink and the Company That Makes It* 10 (Collier Books 1993).

plants wherever U.S. soldiers were stationed to sustain morale among the troops by providing them with a piece of home.¹³ In fact, Company advertising at that time purposefully implied that Coca-Cola was crucial to the war effort.¹⁴ Although *The World of Coca-Cola* does not mention it, the Company's managers obviously failed to couple the new patriotic image of Coke with a correspondent curbing of its contradictory activities in Germany.

It can be argued that companies have no obligation to be moral or ethical in any way, and that they should do whatever they must to make a profit for their shareholders (breaking the law excepted); yet, if a company appeals to one's morality or patriotism when it asks consumers to buy its product (implying that to *not* do so would be "un-American") it seems reasonable perhaps that the Company should be true to the image it has presented and also not be "un-American." It is important to note that Coca-Cola is not a big evil corporation ruining the world—actually, the Company has stimulated local economies, has provided relief to victims of natural disasters, and supports educational programs in the United States and abroad.¹⁵ The question rather is whether Coke has in the past acted in contradiction to its own image and whether Coke should in the future try to respect the image that it painstakingly developed— even when to do so might be unprofitable in the short run, or politically "messy," or contentious.

Coca-Cola throughout its one hundred year history has portrayed Coke in several different ways depending on the cultural and political context of the period in question, yet the common theme running through all the images has been that Coke is good, moral, and American. This paper examines the history of Coca-Cola from its early years to the present and discusses how the Company perpetuated the various images it sought for Coke through brilliant leadership, marketing, and the manipulation of events, and how it was able to develop and use its political connections to overcome government-created obstacles and cultural resistance

¹³Friedman, *supra* note 7, at 10.

¹⁴*See, e.g.,* Palazzini, *supra* note 2, at 44.

¹⁵*E.g.,* Pendergrast, *supra* note 1, at 454.

to its products both within and without the United States. The paper will discuss the history of Coca-Cola's international expansion and will examine instances in which the Company's image appeared to be in direct contradiction with its actions on the international level. Lastly, this paper will describe the Company's current marketing strategies, and will address the question of corporate social and ethical responsibility and determine whether or not it is a topic that the Company ought to concern itself with in the future.

Coca-Cola's Early Years: A Brief Background and History

Coca-Cola was originally developed as a patent medicine to cure nervousness and headaches.¹⁶ Author Mark Pendergrast points to the Civil War and the advent of industrialism and the railroad as stressful events creating a "nation of neurotics," leading in turn to the extraordinary success of patent medicines to cure imagined ailments.¹⁷ Patent medicines provided a safer alternative to doctors (who often killed as many patients as they cured) and a more convenient alternative for people who lived in rural areas and who did not have access to doctors.¹⁸ Thus, Coca-Cola was in many ways a product of culture and politics, and was one of thousands of nerve-tonics developed at the time. John Smith Pemberton, a Georgia pharmacist and Coca-Cola's creator, apparently spent his life "in pursuit of the perfect medicine."¹⁹ It was in the late 1870's that he apparently read about coca-leaves—a miracle substance that acted as a stimulant, an aid to digestion, an aphrodisiac, and a life-extender.²⁰ After experimenting with coca-leaves, Pemberton developed French Wine Coca, which was an imitation of Vin Mariani, a now-forgotten drink that was a combination of Bordeaux wine and cocaine. Later Pemberton decided to eliminate the wine from the formula (sensing the growing disenchantment with alcohol in the South ²¹) and replace it with an extract from the African

¹⁶ *E.g.*, Pendergrast, *supra* note 12, at 11.

¹⁷ *Id.* at 10; *see also* Louis & Yazijian, *supra* note 5, at 16.

¹⁸ Pendergrast, *supra* note 12, at 12.

¹⁹ *Id.* at 19.

²⁰ *See id.* at 23.

²¹ *See* Louis & Yazijian, *supra* note 5, at 15.

kola nut. In 1886, by combining the oils and flavors of the kola and coca extracts, Pemberton created the original syrup base for Coca-Cola.

Interestingly enough, coca leaves were quite accessible in the United States during the late 1800's. Doctors and pharmacists were reporting on the use of coca and its principal alkaloid, cocaine, as a possible cure for opium and morphine addiction.²² Cocaine was used by work gangs throughout the South to double their workload without fatigue, and kola was used the same way by West African native "kola chewers."²³ Yet Pemberton was apparently the first person to combine these two powerful stimulants into a single product.²⁴ Furthermore, although soda fountain beverages were already in existence—Hires Root Beer was marketed in 1876—Coca-Cola became the first widely available product that was at once both a patent medicine and a popular soda fountain beverage. Frank Robinson, one of Pemberton's partners, suggested the name "Coca-Cola Syrup and Elixir," describing the drink's two ingredients (the name was later shortened to "Coca-Cola" in the interest of brevity). Robinson developed the script logo that is now familiar to all around the world, and put together the slogan "Delicious. Refreshing!" (the "and" was added later) which became equally familiar around the globe.²⁵ Although Pemberton's new beverage met with some early success, Pemberton was apparently not a very savvy businessman, and by 1887, with his health failing and with Coca-Cola still not bringing in the money he needed to pay off debts, he sold his interest in the Company to Asa Griggs Candler, a prosperous Atlanta druggist, and some others.²⁶ He was never to see Coca-Cola's future successes, since he died in August of 1888.

Asa Candler, in contrast to Pemberton, was a shrewd and ambitious businessman and has been described as

²²See, e.g., Pendergrast, *supra* note 12, at 25.

²³Louis & Yazijian, *supra* note 5, at 16.

²⁴*Id.*

²⁵Watters, *supra* note 4, at 6.

²⁶E.g., Louis & Yazijian, *supra* note 5, at 18.

“the only one to understand the drink and perceive its enormous potential.”²⁷ Candler quickly bought out the others’ interests in Coca-Cola, and by 1891 he had acquired full ownership of the properties, titles, patents, assets, and formula of Coca-Cola for \$2,300. In 1892 he founded the Coca-Cola Company. Pemberton’s descendants were to engage in lengthy litigation in future years, claiming that they had been deprived of true ownership and that Candler had tampered with the original chain of title. Some researchers have suggested that Candler may have engaged in some forgery (claiming that Candler ordered his nephew to burn the earliest records of the Coca-Cola Company, leaving only the official chain of title intact) to gain control from certain members of Pemberton’s family.²⁸ Yet whatever the real truth is, Candler was good for Coke—he was energetic and undaunted by early failures, and determined to push Coca-Cola vigorously throughout the country. He even had aspirations to sell the beverage internationally, and thus planted the seeds for the product’s future globalization. In 1900, Asa Candler apparently wrote to his brother discussing possibilities for the expansion of Coca-Cola into Europe and Asia.²⁹ Although the amount of Coca-Cola sold outside the United States (Cuba and Canada excepted) remained negligible during Candler’s Presidency over the Company (he retired in 1916) he certainly was not a bad prophet.

Perhaps the one mistake that Candler made as President was to sell the bottling rights of Coca-Cola for one dollar to Benjamin Thomas and Joseph Whitehead in 1899. Candler believed the future of Coke was as a fountain drink, and bottling was an expensive operation that he wanted no part of. Thomas and Whitehead created a network of independent bottlers numbering about one thousand by 1930.³⁰ Each bottler had an *exclusive right in perpetuity* to bottle Coke in his area, and no one else except the soda fountains could sell Coke in that market. Candler probably thought he had nothing to lose—if they succeeded, he would sell more syrup and gain exposure for his beverage, and if they failed, at least he had not put up any capital.

²⁷Palazzini, *supra* note 2, at 12.

²⁸*E.g.*, Pendergrast, *supra* note 1, at 46.

²⁹*Id.* at 94.

³⁰Oliver, *supra* note 3, at 15.

This setup, which became the heart of the Coca-Cola system, resulted in many problems for the Company years later. For starters, the agreement did not include a provision for modifying the price of syrup, should the costs of ingredients increase, resulting in lawsuits brought by the bottlers, and ultimately negotiation to amend the contract. Furthermore, the Federal Trade Commission (FTC) charged the Company a century later with violating antitrust laws by restricting competition. Lastly, too many of the franchises down the line were in the hands of third-generation owners who would milk the business by cutting capital spending (Coke was forced to deal with this problem by buying franchises when they were up for sale in order to gain more control and put the franchises in more competent hands). In spite of the problems resulting from Asa Candler's decision, the bottling system led Coke to create locally managed and locally owned franchises abroad when it began its trend of international expansion. By relying on local investment capital rather than its own, Coke was able to develop markets at a greater pace than its own resources would allow. Furthermore, by relying on local expertise of local culture and preferences, the Company was probably ultimately able to sell more Coke. This ambivalence over the bottling system led author Mark Pendergrast to state that Candler's contract was "the world's stupidest, smartest contract."³¹

Coca-Cola's Early Image as a "Temperance Drink"

From the time Coca-Cola first came into existence, it was associated with goodness and purity. In fact, the first advertisement that Pemberton and Robinson placed stated that Coca-Cola was an "Intellectual Beverage and Temperance Drink," responding to the temperance movement that was just beginning at the time and signaling to all that Coca-Cola was a wholesome and refreshing drink that could substitute for alcohol.³²

Pemberton and Robinson marketed Coca-Cola as both a patent medicine and a refreshing beverage. The

³¹Pendergrast, *supra* note 12, at 72.

³²*See, e.g., id.* at 33.

National Temperance Movement had been gaining momentum for several years and the Women's Christian Temperance Union, founded in 1874, promoted the notion that all crimes resulted from alcohol. Coca-Cola, even then, was appealing to the political, religious, and cultural context of the time and perpetuating a clean, pure image of itself to appeal to people's morality.

Asa Candler was himself apparently "a devotedly religious man and a complete teetotaler,"³³ and when he took over Coca-Cola he furthered the product's image as "The Great National Temperance Drink" by regularly placing ads in religious publications.³⁴ Candler spent a fortune on advertising, and the benefit of the religious angle was that it could be used to appeal to all sectors of society, the rich and the poor. Southerners' anxiety over sin created a religious fervor that Coca-Cola was able to use to its advantage. Coca-Cola immersed itself in the affairs of the Southern Methodist Church, and financed more church and school construction than any other donor in the state. According to one author, "while many political benefits arose from this alliance of church and company, none contributed more to Coca-Cola's explosive growth in the 1890s than the surge of widespread conversions."³⁵ Coke became the sinless drink for saved sinners in the South, and drinking Coke became part of salvation. Ironically, Asa Candler's brother Warren (who was a Methodist minister) had openly shunned commercialism after the Civil War and had warned others against "Yankee's money-mania."³⁶ Yet when he was sent to start a Methodist mission in Cuba (which the United States had claimed for its victory in the Spanish-American war), he tried to convert the Cubans not only to Christ but also to Coke in order to help brother Asa!³⁷ Although neither mission was particularly successful, it was clear from that early moment in Coca-Cola's life that the Company would be quite willing to enter politics when doing so would be to its advantage. Additionally, Coke's image was in its early stages of development: the beverage was already a symbol of all things pure and wholesome, and was on its way

³³Louis & Yazijian, *supra* note 5, at 21.

³⁴*Id.* at 25.

³⁵*Id.*

³⁶*Id.* at 27.

³⁷*Id.*

to national prominence.

Cocaine in Coca-Cola and Re-Writing History

With increased success came increased attention and controversy. The drink's cocaine content was becoming a problem. Newspapers were giving increased attention to the drug and ministers were alleging that Coca-Cola was two-thirds cocaine (this was obviously a complete exaggeration).³⁸ Cocaine was making national headlines in part because of a rise in racism and Ku Klux Klan membership both in the South and in the North. It was rumored that cocaine turned black men into "fiends" and that they would attack their white bosses and rape white women, and the newspapers were filled with sensational headlines warning people against the drug.³⁹ It hardly mattered to people that Coca-Cola contained only slight traces of either drug named in its trademark—or that it would take a hundred glasses of Coca-Cola before a consumer would be able to feel any effect from the cocaine⁴⁰—people were still growing frightened. Candler (ironically) called on the biggest cocaine manufacturer in the United States for help. He wanted to know if it would be possible to extract all the cocaine from coca-leaves, leaving a residue safe enough to put in Coca-Cola. This is exactly what was done. Yet the removal of cocaine presented a public relations problem for Asa Candler. The implication of stating that the Company had decided to remove cocaine from its product would mean admitting that the beverage did in fact contain cocaine and furthermore that the Company agreed that it was harmful. As Mark Pendergrast pointed out: "It was unthinkable to admit that Coca-Cola had ever been anything but pure and wholesome."⁴¹ Thus, Candler apparently "orchestrated a might revision of Coca-Cola history, perhaps convincing himself in the process. In later years, he repeatedly denied, under oath, that the

³⁸ *E.g.*, Frederick Allen, *Secret Formula* 47 (Harper Collins 1994).

³⁹ *E.g.*, Pendergrast, *supra* note 1, at 87.

⁴⁰ *See id.* at 45.

⁴¹ *Id.* at 89

drink had ever had cocaine in it.”⁴² In 1902, the Georgia legislature made the sale of cocaine illegal, so the removal of the drug from Coca-Cola was accomplished just in time.

Candler was intent on protecting Coke’s image, and if that meant re-writing history a bit, then that was acceptable. Today the Company denies that there was ever any cocaine in Coca-Cola, even though there has been no cocaine in the drink since 1903. Anything impure or damaging about Coke’s history seems to be simply omitted or cast in a positive light by Company spokespeople. Another example is the Company’s re-telling of Pemberton’s discovery of Coca-Cola. According to tour guides at *The World of Coca-Cola* in Atlanta, and according to information provided in Company pamphlets, Pemberton was a poor old Southern root doctor who simply happened one day to mix the drink up in a humble brass kettle in his backyard.⁴³ Yet several authors have pointed to the fact that Pemberton was actually a well-educated pharmacist whose discovery was as a result of painstaking research that took place in his laboratory.⁴⁴ Furthermore, it has been suggested that Pemberton may have been addicted to morphine at the time he created Coca-Cola and that he was experimenting with cocaine, and French Wine Coca, principally to cure his own morphine addiction.⁴⁵ One final fact that the Company seems to prefer not to mention is that Asa Candler and his employees modified the formula that Pemberton had originally developed—to improve taste and extend shelf life.⁴⁶ Part of the allure of Coca-Cola for those who drink it is that it symbolizes tradition and stability,⁴⁷ and so no doubt the Company’s managers believe that alluding to any change in the formula would not be a good idea. Does the Company think that people would care almost one hundred years later (about the formula, the cocaine, or Pemberton’s drug habit)? The Company must believe that it is preferable to keep certain facts about Coke’s history secret, or at least not discoverable without research. This in turn

⁴²*Id.*

⁴³*E.g.*, Pendergrast, *supra* note 5, at 9.

⁴⁴*See id.* at 10.

⁴⁵*Id.* at 27.

⁴⁶*E.g.*, Watters, *supra* note 4, at 23.

⁴⁷*See* Sergio Zyman, *The End of Marketing As We Know It* 86 (Harper Collins 1999) (comparing Coke with Pepsi, and stating that Coke is about continuity and stability, while Pepsi stands for change and choice).

emphasizes a desire to maintain the image of the drink as something inherently good, without any blemish to smear its good name. Much of the Company's early battles with the government, in fact, had to do with proving the drink's "goodness" and combating allegations of "impurity."

Early Government Attacks on Coca-Cola

Dr. Harvey Washington Wiley, the first head of the Bureau of Chemistry, had fought against food adulteration since his arrival in Washington in 1883. Wiley was one of the leaders who fought for passage by Congress of the Pure Food and Drugs Act of 1906, and when the law went into effect in 1907 Wiley became the top federal official in charge of enforcing it. Over the next decade, Wiley fought to put Coca-Cola out of business.⁴⁸ Asa Candler, always politically astute, thought that the passage of the Act could actually be used to the Company's advantage. By supporting it, Coca-Cola would appear virtuous and set itself apart from all those other bad patent medicines.⁴⁹ Thus, Asa Candler's brother John traveled to Washington in 1906 to testify in favor of the Pure Food and Drugs Act. When it passed, the Company promptly started to run ads declaring that its product *was* pure and wholesome.⁵⁰

However, Coca-Cola was far from being in the clear. According to author Mark Pendergrast: "Wiley mounted a moral crusade against fraud and vice... [his] obsession with deceit rather than health issues was reflected in his law," because the Act did not make it illegal for a product to contain poisonous substances, simply that such substances had to be declared on the label.⁵¹ Candler must have felt safe since at the time caffeine (unlike cocaine) was not on the list of poisonous substances that had to be declared, and cocaine had been removed from the drink. However, Wiley still believed that Coca-Cola contained cocaine and other

⁴⁸ *E.g.*, Pendergrast, *supra* note 1, at 106; *see also* Allen, *supra* note 38, at 48. *See generally* Clayton A. Coppins & Jack High, *The Politics of Purity* (University of Michigan Press 1999) (discussing in detail Wiley's crusade against Coca-Cola).

⁴⁹ *E.g.*, Pendergrast, *supra* note 1, at 109.

⁵⁰ *Id.*

⁵¹ *Id.* at 111

harmful ingredients, including alcohol. Responding to such claims, in 1907 the War Department banned the sale of Coke on U.S. Army bases. Following an appeal by the Company's lawyer (the ban threatened to tarnish the drink's image as the patriotic National Temperance Drink), the War Department asked Wiley to conduct tests and resolve the issue. Sure enough, the tests confirmed that Coca-Cola syrup no longer had any cocaine in it and that the small trace of alcohol present—to help preserve the flavoring extracts—was harmless.⁵² The Army rescinded the ban later in the year, but although sales in the United States were not affected, apparently the incident almost destroyed the growing Cuban business.⁵³ The Coca-Cola Company had opened a bottling plant in Cuba in 1902 to cater to Cubans, tourists, and the U.S. Army. When the U.S. Army banned Coke from its bases, local competitors began distributing handbills claiming that Coke was poison. Sales in Cuba plummeted and for first time (though not the last) the drink became associated with American imperialism.⁵⁴

Wiley's next battle was with the drink's caffeine content. Although Coca-Cola contained about as much caffeine as a weak cup of tea,⁵⁵ Wiley's problem was with the fact that while everybody knew that tea and coffee contained caffeine, nobody would suspect the caffeine content in Coca-Cola since the Company marketed Coke as a wholesome drink and sold it as such to children. Wiley argued that synthetic caffeine (unlike natural caffeine in tea and coffee) was injurious to health (of course, to argue that *all* caffeine was injurious would have risked putting the tea and coffee industries out of business), and additionally that if parents knew that their children were drinking caffeine, they would be outraged.⁵⁶ Under Wiley's direction, in 1909 the government seized thirty-seven barrels and twenty kegs of Coca-Cola syrup in Chatanooga, with three more barrels added later, and the case went to trial.

The case was officially called *The United States vs. Forty Barrels and Twenty Kegs of Coca-Cola*, and was

⁵²See, e.g., Allen, *supra* note 38, at 49.

⁵³Pendergrast, *supra* note 1, at 112.

⁵⁴See *id.*

⁵⁵*Id.* at 110.

⁵⁶*Id.* at 113.

only the second case to go to trial under the Pure Food and Drugs Act.⁵⁷ The government contended that Coca-Cola was adulterated because its caffeine content was an added ingredient and injurious to health. The government further claimed that Coke was misbranded because its name implied that the product contained coca, yet since Coca-Cola did not contain the whole coca-leaf (because the cocaine had been removed) the name constituted a false and misleading design.⁵⁸ Coca-Cola won the case, though not on any scientific grounds. Rather, Judge Sanford (who was appointed to the United States Supreme Court in 1923) issued his opinion from the bench, ordering the jury to return a verdict in favor of Coca-Cola. He ruled that since the product did contain small amounts of coca and kola, it was not misbranded. Furthermore, Sanford held that caffeine was not an “added” ingredient within the meaning of the Pure Food and Drugs Act (that is, caffeine had always been an integral part of the formula since the drink was invented), and without showing that caffeine was “added” the government could not show adulteration. Thus, the issue of whether or not caffeine was harmful was never reached.⁵⁹ The ruling seems odd given the fact that regardless of *when* in the drink’s history the caffeine was added, it was still *added* at some point. Perhaps the Judge simply wished to avoid the implications for other industries if the jury was allowed to debate the harmfulness of caffeine.

Although this was a victory for Coca-Cola, the Company nonetheless changed its formula to reduce the amount of caffeine (perhaps fearing that since the caffeine issue had not been resolved on the merits the government might later bring suit again). However, Coca-Cola was never again charged with adding a deleterious substance to its product.⁶⁰ Authors Coppin and High question Wiley’s motives in prosecuting Coca-Cola in the first place, pointing to the fact that no serious health issues were raised, and that it was

⁵⁷*Id.* at 116.

⁵⁸*See, e.g.,* Coppin & High, *supra* note 48, at 143. Interestingly enough, if the drink had contained cocaine, it would presumably have been illegal in many states!

⁵⁹*E.g.,* Pendergrast, *supra* note 1, at 119.

⁶⁰Coppin & High, *supra* note 48, at 152.

a waste of government resources.⁶¹ The authors state that Wiley’s motives were “suspect” and “Wiley’s purpose may well have been to reward his friends and punish his enemies.”⁶² Coppin and High go on to state that Wiley may have been angry with Coca-Cola for switching in 1903 from the sugar company of his friend and supporter John Arbuckle to Henry Havemeyer’s American Sugar Refining Company (Arbuckle’s bitter rival.)⁶³ While such pettiness does not seem to justify such an expensive and time-consuming retaliation, Coppin and High point to other instances in which Wiley may have let his personal feelings influence his legal battles.⁶⁴ Despite these suggestions, Wiley’s arguments about caffeine with regard to children and parents’ possible lack of knowledge of its existence in the drink seem persuasive—perhaps he was simply doing his job. Whatever the case may be, Coca-Cola survived these early battles with Wiley (as well as future attacks and inconveniences from the FDA and the FTC⁶⁵) relatively unscathed; more importantly, Coca-Cola’s image survived in spite of the accusations of “unwholesomeness” and “deceit.” The years to come brought a new leader who was committed to Coke’s image as a symbol of stability and tradition and who was determined to spread the beverage around the globe.

Robert Woodruff: Early International Expansion

In 1919, the Candler family sold the Coca-Cola Company for \$25 million to Atlanta banker Ernest Woodruff and an investor group he had organized, The Trust Company of Georgia. Soon the business was reincorporated and stock was sold publicly for \$40 a share. In 1923, Ernest’s son, Robert Woodruff, took over as President of the Company. By the time Woodruff took control, Coca-Cola was sold in Puerto Rico, Cuba,

⁶¹*Id.* at 134.

⁶²*Id.* at 152.

⁶³*Id.* at 146.

⁶⁴*See id.* at 41-2 (describing Wiley’s attack on the corn syrup industry as an extension of his paternalism towards the sugar industry).

⁶⁵These have included FTC charges of unfair competition, as well as FDA regulation of ingredients that have been controversial at one time or another, including saccharin and aspartame.

and Canada, but otherwise was unknown around the world. One of Woodruff's greatest achievements was to open overseas markets, which he did against the express wishes of his board.⁶⁶ In 1925 Woodruff journeyed to Europe to study market possibilities. He established the Foreign Department (renamed in 1930 to the Coca-Cola Export Corporation) to deal with overseas issues, and he had his chemists develop a special powdered concentrate to be sent abroad (rather than trying to ship bulky syrup containers). Woodruff feared that the drink might be viewed as an intrusive American product, and using the domestic system as a model he decided to use local bottlers abroad as well as local trucks, machines, and personnel.⁶⁷ Woodruff needed the world to view Coca-Cola in a positive light; since nobody anywhere actually needed the drink to survive, image was just as important abroad as it was at home.

Unfortunately, getting into other countries was not easy, and the Company faced obstacles from both foreign governments and foreign cultures and languages. For example, in Amsterdam, health officials forced the Company to label the drink "limonade gazeuse," despite objections that "lemonade," the European term for soda pop, implied "a cheap, common drink."⁶⁸ In Rome, a tax was levied on all advertising signs, and in Bermuda no large outdoor billboards were allowed at all.⁶⁹ Problems resulted from language interpretations as well; for example, apparently the Chinese characters which most closely reproduced the sound of "Coca-Cola" translated roughly to "bite the wax tadpole," and in Dutch the slogan "Refresh Yourself with Coca-Cola" meant "Wash Your Hands with Coca-Cola."⁷⁰ Additionally, some countries already had traditional beverages that would not be easily replaced—the British, for example, drank tea and their year round gray climate encouraged hot drinks.⁷¹ In spite of these problems, however, Coca-Cola was able to establish a presence in 45 countries.⁷² However, it was Coca-Cola's ability to use World War II to its advantage that

⁶⁶Oliver, *supra* note 3, at 19.

⁶⁷Pendergrast, *supra* note 1, at 168.

⁶⁸*Id.*

⁶⁹*Id.*

⁷⁰*Id.* at 169

⁷¹See generally, Hugh S. Zurkullen & Mary G. Meeker, *The Coca-Cola Company: An International Perspective* (Salomon Brothers 1987)(describing how Coca-Cola has had to contend with many of these cultural differences throughout its history).

⁷²The Coca-Cola Company, *Coca-Cola: The Story of the Real Thing* 4 (2000). But see Pendergrast, *supra* note 1, at 195

ultimately gave it global dominance. WWII also gave Coca-Cola the opportunity to expand its good image even further; yet the Company's dealings with Nazi Germany also served as a blatant contradiction to the image of Coca-Cola as patriotic and democratic—an image that the Company was simultaneously creating and pitching to the American public.

WWII and Patriotic Coca-Cola: The Unnecessary Becomes the Indispensable

With the advent of WWII, Coca-Cola feared shortages and the subsequent curtailing of business (sugar rationing, for example, had hampered the Company's sales during World War I). Furthermore, the Company knew that nonessential products were always the first to face cutbacks and quotas. It was at this time that managers of the Company decided to try to persuade the government that Coca-Cola was vital to the war effort and to the morale of U.S. troops.⁷³ In other words, they were going to turn this non-essential product that nobody needed into a product that was completely necessary, and not only necessary to drink, but necessary to fight a war! It was a brilliant strategy, and it worked.

The Coca-Cola Company had been providing Coke to U.S. troops prior to the outbreak of the war, and it had already become extremely popular on the bases. Shortly after Pearl Harbor, Woodruff issued an order: "We will see that every man in uniform gets a bottle of Coca-Cola for five cents, wherever he is and whatever it costs our company."⁷⁴ This statement probably exemplified a combination of true patriotism and even truer business savvy. Ben Oehlert, the Company's lobbyist in Washington, immediately got to work, and by 1942 his hard work had paid off: Coca-Cola would be exempted from sugar rationing when sold to the military, or to retailers serving soldiers. Coca-Cola's competitors were not pleased (especially Pepsi) and contended

(stating that while Coca-Cola had a strong presence in Canada, Cuba, and Germany, "it barely had a toehold elsewhere.")

⁷³*E.g.*, Allen, *supra* note 38, at 249.

⁷⁴Pendergrast, *supra* note 1, at 195.

that allowing the military to order soft drinks by brand name would give Coca-Cola a monopoly⁷⁵ (and as predicted, 95% of all soft drinks served on American bases during the war were indeed Coca-Cola products⁷⁶). The Army countered that the move was justified in the interest of soldier morale. The War Department gave Coca-Cola wartime priority status, and informed commanders that they could order entire bottling plants directly to the front lines right along with food and munitions.⁷⁷ Thus, bottling machines that would have remained idle at home due to wartime sugar rationing were purchased from the bottlers by the Company, dismantled, and flown to the front. Apparently General Dwight D. Eisenhower (then supreme commander of the Allied forces in Europe and a personal friend and golfing buddy of Woodruff⁷⁸) was quite a fan of Coca-Cola and was very happy to be able to supply his troops with the fizzy soft drink.⁷⁹ He requested the construction of several bottling plants in various countries during the War (which the U.S. government financed), careful to note that shipments for such purposes should take place “without displacing other military cargo.”⁸⁰

While Coca-Cola was not quite as important as “other military cargo,” it would not be an exaggeration to say that it came pretty close. It may seem hard to believe that a soft drink could reach such a privileged status in the middle of a war, or that anyone was even thinking about soda in such a time of crisis. Yet one must understand the extent to which Coca-Cola had become embedded in the American way of life by this time. When the war started, the soldiers craved a piece of home to remind them what they were fighting for.⁸¹ According to one author: “No one expected the gush of raw emotion that Coca-Cola aroused in the American armies. The familiar bottle and trademark and taste turned out to be a poignant reminder of home...for

⁷⁵ Allen, *supra* note 38, at 255.

⁷⁶ *E.g.*, Louis & Yazijian, *supra* note 5, at 61.

⁷⁷ *See id.* at 56.

⁷⁸ Pendergrast, *supra* note 1, at 199.

⁷⁹ Allen, *supra* note 38, at 255.

⁸⁰ *See* Reinhold Wagnleitner, *Coca-Colonization and the Cold War* 184 (Diane M. Wolf trans., University of North Carolina Press 1994) (providing the reader with one of Eisenhower’s original requests for Coke bottling plants).

⁸¹ *See, e.g.*, Watters, *supra* note 4, at 173-4 (describing letters that soldiers wrote home to praise the drink as a source of comfort); *see also* Pendergrast, *supra* note 1, at 206 (citing more soldiers’ letters home describing Coca-Cola’s significance to troop morale).

millions of young soldiers who found themselves in strange places facing terrible danger... Soldiers wanted four things from home: mail, cigarettes, chewing gum, and Coke.”⁸² During the war, sixty-four bottling plants were established on every continent except Antarctica—largely at government expense⁸³—and five billion bottles of Coca-Cola were consumed.⁸⁴ Coca-Cola sent its employees abroad with the soldiers, and the Army gave these employees the pseudo-military status of “technical observers,” a designation invented during World War I for civilians needed in the war effort. The Coke representatives wore Army uniforms with “T.O” as a soldier patch, and apparently soldiers nicknamed them “Coca-Cola Colonels.”⁸⁵ Their job was to make sure that soldiers received their Coca-Cola. Coke was obviously seen as vital to wartime morale and essential to Americans, indeed a symbol of America itself.

The Coca-Cola Company had spent millions of dollars on advertising to achieve just such a result. In the years prior to the war, Coca-Cola had been advertised as “the sociable drink” and “the pause that brings friends together.”⁸⁶ Even Santa Claus was depicted enjoying Coca-Cola after a night’s hard work of toy delivery.⁸⁷ During the Depression, Coca-Cola flourished through deliberate, multiple attacks on consumers. The advertising at the time portrayed people enjoying the beverage while at work and at play, with no hint of the Depression. Coca-Cola must have realized that people wanted to escape their reality in those hard times, and the Company provided the escape—showing in its ads “happy-go-lucky tourists at the Kentucky Derby, Mardis Gras, Carlsbad Caverns, or Old Faithful enjoying themselves with the pause that refreshes.”⁸⁸ On the radio, Woodruff vetoed any news coverage that was too sensitive to warrant sponsorship, including “any remarks about politics, religion, prohibition, and so forth”—anything that might even remotely “arouse antagonism.”⁸⁹ Yet, although this advertising strategy demonstrated that Coca-Cola would not be associated

⁸²Allen, *supra* note 38, at 257.

⁸³Pendergrast, *supra* note 1, at 198.

⁸⁴Watters, *supra* note 4, at 164.

⁸⁵*E.g.*, Pendergrast, *supra* note 1, at 198.

⁸⁶*E.g.*, Allen, *supra* note 38, at 132-134.

⁸⁷*Id.*

⁸⁸Pendergrast, *supra* note 1, at 175.

⁸⁹*Id.* at 179.

with anything controversial, it did not mean that Coca-Cola would not get involved in the politics, religion, and culture of the times when it was beneficial for it to do so—for example, its activities in WWII were clearly political (similarly, Coke’s earlier reputation as the Great National Temperance Drink was a marketing strategy that clearly used religion and politics to its advantage). The Company managers obviously realized that image was much more important than the product itself; by the time WWII came, the image they had created did most of the work, probably inspiring a feeling of genuine loyalty in the troops. Other soft drink companies simply had not become entrenched in the minds of the American public the way that Coke had, and in this sense Coca-Cola had a head start.

The war provided Coca-Cola with the opportunity to further its already squeaky-clean image. Coca-Cola was advertised as a symbol of patriotism, democracy, and freedom; the Company sent the message that Coca-Cola was integral to the war effort. For example, the Company sold thousands of copies of “Know Your War Planes” booklets, and even sold playing cards, dominoes, dartboards, and other games illustrated with military themes.⁹⁰ Additionally, as with Depression-era efforts, the Company’s advertisements were positive and avoided the unpleasant reality of war—“there were no gory scenes, just good-looking soldiers and whole-bodied veterans.”⁹¹ Coca-Cola thus created an image of itself as something good even in time of war, presenting itself as a sign of hope and peace for many Americans—a symbol of good times past and better times yet to come. It is interesting to note that when the Vietnam War began years later, Coca-Cola tried the same marketing strategy, except this time it was a failure because the American people were ambivalent about the justice and morality of the war itself. Thus, Coke seldom conspicuously aligned itself with the Vietnam conflict, although it did send millions of cases of Coke to the U.S. armed forces—just without the advertised sentimentality and patriotism that had accompanied its sales in WWII.⁹²

⁹⁰Pendergrast, *supra* note 1, at 203.

⁹¹*Id.* See also Louis & Yazijian, *supra* note 5, at 59 (identifying ads that emphasized the soldiers’ need to rest and refresh themselves so they could better deal with the tensions of war).

⁹²See Louis & Yazijian, *supra* note 5, at 157.

WWII did more than perpetuate an image, however; it also led to Coca-Cola's dominance abroad, giving the Company a distinct advantage over its competitors. Following the war the Company reincorporated the bottling plants that had been set up worldwide, and prepared to sell its beverages to local civilians, many of whom had already been exposed to Coke through contact with the Coca-Cola Colonels and U.S. troops during the war. According to one author: "Any other company would have been accused of war profiteering, but the Coca-Cola Company was unique. Because of America's incorrigible faith in the goodness and universality of Coca-Cola the company was granted a greater latitude in its political and economic dealings than was enjoyed by nearly any other company."⁹³ Of course, Woodruff's friendship with Eisenhower and Oehlert's lobbying in Washington obviously had a lot to do with the special treatment that Coca-Cola received. Walter Mack, Pepsi President at the time, complained of the enormous political influence that Coke enjoyed, and although Pepsi was able to secure a place in the postwar market domestically (while Coke was tied up abroad) it was unable to do anything about Coke's monopoly overseas.⁹⁴ Furthermore, Coca-Cola became even more popular on the home front after the war because the troops brought their strong preference for the drink home with them when they returned.⁹⁵ In fact, surveys suggested that GIs preferred Coke over Pepsi by a factor of more than eight to one.⁹⁶ Thus, Coca-Cola's political use of WWII as an opportunity to launch an advertising campaign that would further perpetuate its good image (resulting in new customers) *and* set the stage for international operations that would put it way ahead of its competitors (while the U.S. government footed the majority of the bill) was a truly insightful (not to mention successful) business strategy.

Coca-Cola and Nazi Germany: A Contradiction

The Coca-Cola Company developed the image of Coke as an American patriotic drink, sending the message

⁹³*Id.* at 61.

⁹⁴Pendergrast, *supra* note 1, at 206.

⁹⁵*Id.* at 212.

⁹⁶*E.g.*, Allen, *supra* note 38, at 265.

both at the front and at home that drinking Coca-Cola was somehow synonymous with fighting against the enemies of freedom and democracy. Yet at the same time Coca-Cola was sending this message to its public, it was also doing business in Nazi Germany, where apparently the “Coca-Cola logo rested comfortably next to the swastika.”⁹⁷ This leads one to question whether or not the Company should have attempted to curtail its business in Germany, and whether it was deceptive not to do so. It can be argued that companies are in the business of making money, not in the business of entering political conflicts. This is true, but perhaps if managers of a company choose to enter politics (and indeed make their product a symbol of politics) then it seems that they should feel a certain responsibility to be consistent with the side they have chosen to fight on. That is, not all companies set out, the way Coca-Cola did, to make their product a symbol of patriotism, democracy, purity, tradition, and America—these are large concepts that are by their very nature political. Thus, although arguably all companies should have some sense of corporate social responsibility beyond mere profits, a company which has molded its image purposely to represent the very country from which it sprung should have an even greater sense of social and ethical responsibility to conduct itself in an honest way not inconsistent with the image it has created.

Coca-Cola had established a presence in Germany prior to WWII. Ray Powers, an American expatriate, had started bottling Coca-Cola in Germany in 1929. During the first four years of the business, Coca-Cola sales skyrocketed from just under 6,000 cases to over 100,000 in 1933.⁹⁸ In 1933, the same year that Hitler came to power, a German named Max Keith (pronounced “Kite”) went to work for Coca-Cola GmbH, and soon Woodruff gave Keith full control of bottling operations in Germany. Keith was apparently an ambitious man with a strong work ethic who was determined to increase Coke sales. There were several obstacles that had to be overcome; for starters, nonalcoholic beverages were considered “a syrupy concoction for children,”⁹⁹ and

⁹⁷Pendergrast, *supra* note 1, at 213.

⁹⁸*Id.* at 214.

⁹⁹*Id.* at 215.

were not popular among German adults, who preferred beer. There was also a great deal of anti-American sentiment in Germany in the years prior to WWII, and so the situation was not conducive to the high profile marketing of American brands.¹⁰⁰ Yet “[Coca-Cola] learned to combine its interests with those of Germany’s Nazi rulers after 1933 in an overall harmonic symbiosis and thus even managed the seemingly impossible task of surviving the war intact as an American-owned company.”¹⁰¹ Perhaps Coca-Cola’s survival throughout the war is not so surprising, however, in light of how deeply entrenched it was in Germany by the time the war broke out.

Ironically, it seems that Coca-Cola survived and prospered in Germany by disassociating itself from its American roots. While at home Coca-Cola was the all-American drink, Keith’s strategy in Germany before and during WWII was to market Coke as a German drink, appealing to industrial workers to “Mach doch mal Pause” (Come on, take a break).¹⁰² One year after 1933, Coke’s output had already more than doubled to 234,000 cases.¹⁰³ It has been suggested that Coke’s success was directly related to the “striking parallels” between Coca-Cola GmbH and the nation at large.¹⁰⁴ Hitler was a proponent of American mass-consumption and welcomed America’s efficient methods of production (although he was anti-American in all other respects).¹⁰⁵ Interestingly enough, Keith’s looks and personality have been compared to those of Hitler, and Keith’s enthusiasm for Coke was seen by some of his employees, who were often overworked, as evidence of his fanatical tendencies.¹⁰⁶ It seems that Company and government interests overlapped. The Nazis regarded mass-production and mass-consumption as crucial building blocks of their new society, and they must have been impressed by Coca-Cola’s modern means of producing a uniform product. Additionally, Coke’s advertising strategies reflected values central to the Nationalist-Socialist society.

¹⁰⁰ *E.g.*, Eleanor Jones & Florian Ritzmann, *The Coca-Cola Company Under the Nazis* 2 (1997), at <http://xroads.virginia.edu/~CLASS/coke/coke2.html>.

¹⁰¹ *Id.*

¹⁰² *Id.* at 4

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ *See id.*

¹⁰⁶ Pendergrast, *supra* note 1, at 215.

Keith supplied Coca-Cola for the athletes and visitors at the 1936 Berlin Olympics, where Hitler was the proud host to the nations of the world, and where Woodruff was a guest. An abundance of Coke's advertising supported the Third Reich.¹⁰⁷ Keith zeroed in on special events (as Woodruff had done in America) to further Coke's image, not as an American drink this time, but as a German drink in Nazi Germany. For example, Coca-Cola appeared at Hitler youth rallies, as "Coca-Cola trucks accompanied the marchers, hoping to capture the next generation."¹⁰⁸ In 1937, at a "Working People" Exhibit displaying the accomplishments of the German worker during the first five years of Hitler's rule, Coca-Cola set up a miniature bottling plant "with a miniature train carting *Kinder* beneath it...at the very center of the fair, adjacent to the Propaganda Office."¹⁰⁹ In March of 1938, when Hitler's troops went into Austria, Keith convened the annual concessionaire convention, with 1,500 people in attendance. Keith sat at the main table (a large swastika draped in front of him), and encouraged his workers to continue their "march to success."¹¹⁰ The ceremony ended with a "Sieg-Heil" to Hitler.¹¹¹ In April of 1939, at the tenth anniversary of the German Coca-Cola business, Keith gloated that the past year had been historic because Hitler had annexed Austria and Sudentland; yet the spread of Coca-Cola during 1938 was a close second.¹¹² This strategy of direct association with Nazi leaders and of lending support to events propagandized by Nazi ideology sent a powerful message to the German consumers and government by signaling that Coca-Cola was on Germany's side.

This show of support for Nazis was perhaps an aggressive advertising technique designed to combat slander against the company. In 1936, Herr Flasch, who manufactured an imitation drink called Afri-Cola, began circulating flyers depicting Coca-Cola bottle caps from the U.S. with Hebrew inscriptions. Although the

¹⁰⁷ *E.g.*, Jones & Ritzmann, *supra* note 100, at 4.

¹⁰⁸ Pendergrast, *supra* note 1, at 220.

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Id.* at 221.

inscriptions were nothing but an indication that Coke was kosher, the flyers claimed to prove that Coca-Cola was a Jewish company.¹¹³ Sales plummeted, and Nazi party headquarters cancelled their orders. Keith denounced the accusations in *The Stuermer*, the official Nazi publication renowned for its vicious attacks against Jews.¹¹⁴ Coke was able to survive the fiasco, probably through the aggressive marketing techniques described above. Again, ironically, the Coke bottles in question pronounced that they were kosher to appeal to the American Jewish population at home; yet here was Keith, denying that Coca-Cola was a Jewish company, because to be a Jewish company would be a terrible thing.

Coca-Cola faced other problems in Germany, problems that the Company dealt with through behind the scenes political maneuvering. In 1936, Hermann Goring, Hitler's designated successor, introduced a Four-Year Plan, which restricted imports to a bare minimum in order to make Germany self-sufficient and ready for war. Although Coca-Cola tried hard to convince Goring that it really was a German business that deserved government support (it certainly conducted itself as a German business), Goring wouldn't budge. The supply of U.S. concentrate to Germany seemed doomed, "until Robert Woodruff pulled his magic strings."¹¹⁵ Woodruff used his New York banking connections to influence Goring to permit the importation of Coca-Cola concentrate. It has been suggested that the Company may have offered a bribe to Goring to secure the necessary import license.¹¹⁶ In order to reduce the imports to a minimum, Keith began making his own concentrate so that he needed only Merchandise No. 5 and 7X (comprising the secret formula) from America. Woodruff at the time apparently toyed with the idea of producing even these ingredients inside Nazi Germany if war broke out, but he finally abandoned the plan as impractical.¹¹⁷ This is the same man who pushed the image of Coca-Cola as the American patriotic drink, the same man who in a show of patriotism swore that all U.S. soldiers would have Coca-Cola wherever they went. Woodruff had obviously

¹¹³See, e.g., Louis & Yazijian, *supra* note 5 at 58.

¹¹⁴Jones & Ritzmann, *supra* note 100, at 7.

¹¹⁵Pendergrast, *supra* note 1, at 219.

¹¹⁶See *id.* See also Jones & Ritzmann, *supra* note 100, at 5.

¹¹⁷Pendergrast, *supra* note 1, at 219.

anticipated the war when he considered the possibility of making the ingredients in Germany and clearly had no qualms about providing Coca-Cola to both Germans and Americans. Yet by perpetuating the image of Coca-Cola as a symbol of freedom and democracy grounded in America, Woodruff should have felt more of an obligation to be true to the image he had created. If Coca-Cola had not done business in Nazi Germany, undoubtedly profits would have been lost, but surely a Company that prides itself on its image should not abandon its image simply to turn a profit.

It is interesting to note that in 1939, when Hitler's troops rolled into Poland, and England and France finally declared war, Keith (fearing that his supply of concentrate would be cut off by the exigencies of war) invented Fanta as an alternative drink to see the Company through the war. Fanta is still a brand of the Coca-Cola Company in wide circulation today around the world; what many may not know is that its origins are in Nazi Germany.

It is not particularly surprising, then, that Coca-Cola survived the war, since Coca-Cola was part of the Nazi state. The Company went well beyond mere complicity to outright endorsement of the regime in some instances, as the examples above demonstrate. Strangely enough, it seems that at the time Americans were not aware of Coca-Cola's activities in Germany and so did not appreciate the contradictions inherent in Coca-Cola's advertising during WWII. However, in the years to come people would question the image of Coke as a symbol of goodness, both in the U.S. and in countries abroad.

“Coca-Colonization” Around the Globe

Building on the goodwill fostered by the American soldier and his soft drink, the Coca-Cola Company built new bottling plants and held its first international convention at Atlantic City in 1948, intending to impress its newfound overseas bottlers.¹¹⁸ By the end of 1950, businesses had started in Egypt, Barbados,

¹¹⁸Pendergrast, *supra* note 1, at 232.

Guadeloupe, Cyprus, Lebanon, Iraq, Saudi Arabia, India, Congo, South Africa, and Kenya.¹¹⁹ Additional plants and aggressive marketing in countries where the industry was already established—primarily Europe and South America—substantially increased per capita consumption around the world. Upon entering a country, Coca-Cola would locate a wealthy, socially prominent, politically influential bottler. Key employees were then brought to the U.S. for extensive training before returning to their respective countries to run the bottling plants as new “Coca-Cola Men.”¹²⁰ Thus the overseas bottlers were generally local, knowing the language and culture of their populace (and presumably the most effective marketing strategies to capture their consumers’ attention). Coca-Cola attempted to entrench itself in local culture. Additionally, Coca-Cola often brought much-needed technology for cleaning water, paid decent wages in comparison to local standards, and stimulated local economies.

In spite of this “local” approach that the Company has always prided itself on, not everybody was happy to see Coca-Cola following WWII. Under the Marshall Plan, Europe was rebuilt with massive infusions of American capital. The aid obviously gave American multinational corporations such as Coca-Cola a boost, and this in turn brought resentment from other nations. The Communists viewed Coca-Cola as the fitting symbol of degenerate capitalism, and in countries around the world they defamed the American soft drink in the press, lobbied against it in legislatures, and “whispered of its vile effects in back alleys.”¹²¹ Additionally, competing local industries in many countries—such as the beer, wine, mineral water, or local soft drink industry—resented the aggressive American company. Some people also viewed Coca-Cola as a symbol of American cultural imperialism, hence the term “coca-colonization.” Thus, although Coca-Cola was very much identified with America, it was for many around the globe not seen as symbolic of good values, honesty, or goodness the way it was seen at home. Rather, it was seen as a symbol of economic and cultural imperialism, no doubt much to the chagrin of the Coca-Cola Company, which as has been demonstrated

¹¹⁹*Id.*

¹²⁰*Id.*

¹²¹*Id.* at 234.

took pains to display Coke only in the best possible light.

Coca-Cola faced threats and rumors around the world. In Italy, the Communists asserted that Coca-Cola turned hair white, and in Switzerland Company managers waged a bitter battle against health legislation that would have prohibited the drink because of its phosphoric acid.¹²² Belgian brewers bought several franchises and then refused to bottle the drink when their health ministry declared the drink a harmful laxative. In Japan, the drink reputedly sterilized women, and in Brazil Coca-Cola supposedly caused cancer and rendered Latin men impotent.¹²³ In 1954 in Egypt, Coke sales plummeted when a Muslim demagogue asserted that the drink was made with pig's blood—forbidden because of the religion's prohibition against pork. As one author put it: "Coke would have been better off laced with strychnine."¹²⁴ In 1950 in Vienna, the Viennese Communist newspaper *Der Abund* published an article in which the soft drink was compared to stinking, melted shoe-cream, which the author was barely able to consume.¹²⁵

The French Fiasco

It has been suggested that many Europeans resented the influx of American companies because they brought with them a culture of mass consumption and instant gratification that would undercut traditional culture, family values, and parental guidance: "Coca-Cola was the item that the French chose to symbolize this pernicious pleasure principle in the global transmission of American mass culture. The soft drink, in this French campaign, was turned into an icon of an alleged American strategy of cultural imperialism. It also gave the strategy a name: Coca-Colonization."¹²⁶ Forced out of the governing coalition in 1947, the Communists still remained the largest in the French National Assembly, where they warned against "American imperialism" and the Marshall Plan. In many ways Coca-Cola chose to enter Cold War politics, and thus it is not

¹²²*Id.* at 239.

¹²³*Id.*

¹²⁴Louis & Yazijian, *supra* note 5, at 161.

¹²⁵Wagnleitner, *supra* note 80, at xii.

¹²⁶"*Here, There, and Everywhere*": *The Foreign Politics of American Popular Culture* 273 (Reinhold Wagnleitner & Elaine Tyler May eds., 2000).

surprising that it became the symbol of what Communism would fight against. James Farley, the chairman of the board of the Coca-Cola Export Corporation, was a former aide to President Roosevelt and a major figure in American politics; Farley was a militant anti-communist and in 1950 he warned that Americans and Coke would have to fight the “treasonable practices of totalitarian communism.”¹²⁷ Ironically, in 1941 one of Farley’s friends claimed that Farley was “divorced from politics” in his new job at Coca-Cola¹²⁸; quite to the contrary, Farley contributed to making Coca-Cola all about politics, particularly to the Communists. Coca-Cola became a convenient symbol of everything wrong with America. The French Communists insisted that the Coca-Cola distribution organization doubled as a spy network, and the rumor spread that Coca-Cola intended to advertise on the facade of the Notre Dame.¹²⁹ When the Company applied to the authorities for permission to bottle in France, the Communists attempted (and failed) to have the drink banned as a poison.¹³⁰ Besides the Communists, the government also encountered heavy lobbying from winegrowers, and there were fears that the beverage might be addictive and harmful because of its caffeine or “some other secret ingredient.”¹³¹

The French government tried to maneuver between the domestic opposition to Coke and the need to avoid confrontation with the United States. Trying to discourage the American Company, the government imposed a de facto embargo that prevented Coca-Cola from importing the concentrate into France.¹³² The Company retaliated, hiring a team of lawyers and using its contacts within the French administration to make its case that Coca-Cola was in no way harmful, that it was being sold in 76 countries, and that its advertising was not excessive or destructive.¹³³ Ultimately the Company sought the intervention of Washington; not wanting to link Coca-Cola too closely to the Marshall Plan, the State Department remained aloof at first but finally

¹²⁷Richard Kuisel, *Seducing the French* 54 (University of California Press 1993).

¹²⁸Pendergrast, *supra* note 1, at 232.

¹²⁹*E.g.*, Kuisel, *supra* note 127, at 55.

¹³⁰Pendergrast, *supra* note 1, at 236.

¹³¹Kuisel, *supra* note 127, at 58.

¹³²*Id.* at 61.

¹³³*Id.* at 62.

acted.¹³⁴ The American ambassador in Paris told the French government that the United States would resist arbitrary discrimination against an American product, and warned against possible repercussions if the harassment of Coca-Cola were to continue. Additionally, Farley (the man described as “divorced from politics”) stirred up the American public by claiming that France was showing very little gratitude after America had liberated her from the Nazis, and that perhaps the American Congress should cut off economic aid.¹³⁵ In April of 1950, the French government quietly lifted the embargo but asked Coca-Cola Export to exercise discretion and limit such exports to reasonable needs.

The affair sparked bitter reactions from several French journalists, who accused the Marshall Plan bureaucrats of “monitor[ing]...and correct[ing]...all aspects of our economy and even our policies.”¹³⁶ Others complained that America was trying to “assimilate” France by changing its national beverage, stating that “wine is the most ancient feature of France. It precedes religion and language; it has survived all kinds of regimes. It has unified the nation.”¹³⁷ Despite such opinions, however, France had accepted so much economic aid from the U.S. that banning Coca-Cola obviously made the French government look disagreeable and discriminatory. Furthermore, despite all the fear of coca-colonization, it seems that Coca-Cola and other multinationals did very little to change the structure of local cultures in the way that had been anticipated. The French still had their wine, and the British their tea. As one author commented: “European life by the 1990s seemed not to have been so fundamentally transformed by the presence of American television series, movies, and merchandise... the European city... could never be mistaken for Atlanta or Los Angeles, nor did the European styles of living mirror American habits and customs.”¹³⁸ Another author pointed out that although Coca-Cola still attracted its share of scorn throughout Europe, its selection as a

¹³⁴ *Id.*

¹³⁵ *Id.* at 63

¹³⁶ *Id.* at 64.

¹³⁷ *Id.*

¹³⁸ *Cultural Transmissions and Receptions: American Mass Culture in Europe* 82 (R. Kroes, R.W. Rydell & D.F.J. Bosscher eds., 1993).

target for generalized abuse of American cultural and commercial intrusiveness had greatly diminished by the 1960s.¹³⁹ By 1960 in Austria, instead of being compared to “stinking melted shoe-cream,” Coca-Cola had become associated with good manners and wholesomeness (just what the Company had hoped for) as one Austrian author stated: “It seemed particularly positive that almost two hundred visitors at one dance club consumed only two liters of wine, half a bottle of brandy, and twenty-five bottles of beer. In contrast to the limited quantity of alcohol, approximately two hundred bottles of Coca-Cola were consumed.”¹⁴⁰ Thus, by remaining patient and continuing to push its product abroad, Coca-Cola ultimately prevailed over initial resistance. In many ways the resistance may have helped Coke: Coca-Cola was “the forbidden drink,” an exotic temptation that people wanted to try.¹⁴¹ However, although Coca-Cola did expand in France after the affair, apparently it was never accepted as readily as elsewhere in Western Europe.¹⁴²

What is clear from the above discussion is that wherever it went, Coca-Cola pulled strings to continue selling its soft drink, and this is exactly what any company should do to push its product and raise sales. Yet the French fiasco demonstrates again that Coca-Cola *did* enter politics when necessary. Coca-Cola managers put Coke in the middle of the Cold War, and then used their political clout to get the embargo lifted and continue operations in France. The Company, as mentioned, claims that it has remained neutral on all issues and has been non-political throughout its history.¹⁴³ Yet this is disingenuous to say the least, and arguably an excuse that the Company uses to justify its philosophy of doing business in all countries regardless of political or social climate. “We’ve never lost an election, because we never run,” is what one Coke manager apparently told author Mark Pendergrast.¹⁴⁴ Yet Coke’s role in WWII and postwar France are examples of how Coca-Cola has not only engaged in politics but has also *affected* politics. This in turn invites the

¹³⁹Transactions, Transgressions, Transformations: American Culture in Western Europe and Japan 39 (Heide Fehrenbach & Uta G. Poiger eds., 2000).

¹⁴⁰Wagnleitner, *supra* note 80, at 292.

¹⁴¹Pendergrast, *supra* note 1, at 238.

¹⁴²Kuisel, *supra* note 127, at 68.

¹⁴³*E.g.*, Pendergrast, *supra* note 1, at 451.

¹⁴⁴*Id.*

question whether or not Coca-Cola should have used this power, and should perhaps use it today, not only to make a profit but also occasionally to accomplish a greater social good. The Company has no legal obligation to do anything beyond that required by law (although in some cases Coca-Cola has even failed to do this much) but perhaps it should do so anyway, out of a sense of corporate ethical or social responsibility—and perhaps because of the fact that it has perpetuated an image of itself as the model citizen and an image of its product as symbolic of all things decent and good, grounded in the American way. If Coke is indeed “America’s cultural emissary,”¹⁴⁵ as it has so often been described (and as it has been purposely advertised), then perhaps it should conduct itself in a legal, responsible, and ethical manner worthy of its title. There have been several occasions (discussed below) in which Coca-Cola’s actions have been questionable—occasions in which Coca-Cola has failed to live up to the image it has created for itself. Some of these actions border on illegality, while others are simply unethical or immoral.

The Guatemala Crisis

Coca-Cola has often hidden behind its franchise system, claiming that the parent Company cannot monitor what its franchisees do on a daily basis around the globe. Yet as one author pointed out: “Their detachment from a bottler’s activities, even if laws or human rights have been violated, is conspicuously inconsistent with the company’s obsession with overseeing local production and promotion.”¹⁴⁶ In other words, Coca-Cola picks and chooses when to get involved and when not to get involved. The crisis in Guatemala that began in 1975 serves as an example of Coca-Cola’s unwillingness to intervene to curb illegal and unethical franchise activity.

In 1986, Guatemala returned to a civilian-led government after more than thirty years of virtual military rule, resulting in a “grudging new respect for certain human rights.”¹⁴⁷ Coca-Cola had been bottled in

¹⁴⁵Louis & Yazijian, *supra* note 5, at 152.

¹⁴⁶*Id.* at 185.

¹⁴⁷Henry J. Frundt, *Refreshing Pauses: Coca-Cola and Human Rights in Guatemala* ix (Praeger Publishers 1987).

Guatemala since 1939, and the Coca-Cola workers began the first successful attempt to organize a union in 1975. They wanted better working conditions, an end to twelve-hour shifts, and an increase of the \$2.08 to \$2.50 base pay per day. Although they observed all the legalities, they were immediately thwarted by John Trotter, an attorney from Houston and the Coca-Cola franchise's right-wing, anti-communist president, who used his connections with the Guatemalan military to intimidate members of the union's leadership.¹⁴⁸ Trotter's association with Coca-Cola had begun in 1957, when he assumed control of the Guatemala City franchise. Three years earlier, a military coup had resulted in the replacement of President Jacobo Arbenz Guzman with the first of a series of military-oriented, ultraconservative regimes. The ensuing leaderships sought to repress unionism or any organizing of workers, and the confrontations rendered Coca-Cola the national symbol of the country's labor movement and the symbol of death for many associated with the cause.¹⁴⁹

The brutalities committed against the union, Trotter's connection to these acts, and the Coca-Cola parent Company's awareness of Trotter's connections, lead one to question why the Coca-Cola parent Company did not intervene earlier than it did. First it is important to note and understand the facts. Trotter had never signed a union contract in his life, and was not about to start—in fact, he believed that unions were a symptom of Communism that should be crushed at all costs.¹⁵⁰ Thus, instead of succumbing to the union's demands, Trotter hired new workers at \$3.00 per day if they agreed not to join the union. He then sliced the company into thirteen legally separate paper corporations to neutralize collective bargaining. The company then petitioned the court to rescind the union request because it claimed to have reached an agreement with the workers; to verify this claim, the company provided the court with a document signed by all the workers who had recently been hired at \$3.00 per day. The court accepted the evidence and aborted the union, despite the obvious fraud inherent in the charade. Trotter apparently had close political

¹⁴⁸*Id.* at x.

¹⁴⁹*See, e.g.,* Louis & Yazijian, *supra* note 5, at 185.

¹⁵⁰*See id.* at 189; *see also* Frundt, *supra* note 147, at 4.

connections that could influence court decisions such as this one.¹⁵¹ The workers, in protest, staged a sit-in protest on the Coca-Cola plant's property, but Trotter called in the anti-riot military police, which beat the workers, rendering several unconscious.¹⁵² The following day, Trotter fired 150 of the workers, but had to reinstate them because firing them constituted a violation of even Guatemala's minimal labor laws. The local media covered the struggle. At this point, Coca-Cola was well on its way to becoming a symbol of political oppression and violence.

Events at the Coca-Cola plant in Guatemala had for some time been under scrutiny by a group of Coke shareholders in the U.S. There were several churches and religious orders that happened to own shares in the Company and belonged to an organization called the Interfaith Center for Corporate Responsibility (ICCR). ICCR believes in using shareholders' rights to put pressure on large corporations by raising issues in public and submitting resolutions to corporate annual meetings.¹⁵³ The ICCR approached the headquarters of Coca-Cola in Atlanta towards the end of 1976, and filed a stockholders' resolution calling for the Company to investigate its Guatemala franchise. The Company agreed to investigate if the group agreed to withdraw its resolution. The investigation was a whitewash, and the shareholders were not convinced. The seven-page report accepted at face value Trotter's denials that he underpaid, intimidated, and abused his workers, concluding that the situation did not justify the termination of the bottler's agreement.¹⁵⁴ In 1977 the ICCR filed another resolution calling for Coca-Cola to establish minimum labor standards for its bottlers worldwide. This time, Coca-Cola managers in the U.S. arranged a meeting between Trotter and the ICCR in Guatemala, at which point a pact was finally signed in the presence of ICCR representatives between Trotter and his workers, 94% of whom were union members.¹⁵⁵ This first settlement obviously demonstrates

¹⁵¹*Id.* at 54.

¹⁵²Louis & Yazijian, *supra* note 5, at 86.

¹⁵³*See generally Soft Drink, Hard Labor: Guatemalan Workers Take on Coca-Cola* (Latin American Bureau Limited 1987) (describing the ICCR in further detail).

¹⁵⁴*E.g.*, Louis & Yazijian, *supra* note 5, at 187.

¹⁵⁵*Id.* (also noting that Trotter would not sign until the word "union" had been removed from the contract).

that Coca-Cola did have the power to intervene, yet it took an attack on its image through pressure from the church to spur the Company into action.

The brutalities did not cease, however. In 1978, Israel Marquez, the secretary of STEGAC (as the trade union at the Coca-Cola plant was called) was attacked by machine guns as he drove home.¹⁵⁶ Later that month, Trotter apparently met with the Guatemalan national police chief and was assured that the union would be destroyed within six months.¹⁵⁷ According to Marquez, Trotter threatened to kill Pedro Quevedo, another union official, and his name was placed on a hit list of the Secret Anti-Communist Army, “one of the most feared right-wing death squads.”¹⁵⁸ Eight days after the threat, Quevedo was murdered while making deliveries in his Coca-Cola truck. That day, just before the shooting, Trotter ordered his security force to the plant, further indicating to the workers that Trotter had foreknowledge of the assassination.¹⁵⁹

A third stockholders’ resolution was filed in 1979 and survived until the company’s annual meeting in May 1979. Usually a tranquil affair to assess the year’s success, the dramatic point of this meeting was an address given by Israel Marquez recounting the beatings, bribes, threats, murders, and shady police and military officials in and about Trotter’s franchise. Marquez concluded by stating that in Guatemala, Coca-Cola had become a name for murder, and he urged passage of the resolution, which again called for minimum labor standards.¹⁶⁰ Company management urged defeat of the resolution, arguing that it had no right to interfere in labor disputes between independent parties and asserting that such an intrusion would be improper.¹⁶¹ Coca-Cola managers stated they could do nothing unless there were given “concrete proof” of Trotter’s wrongdoing.¹⁶² Company managers did not discuss the fact that sales had plummeted in Guatemala, giving

¹⁵⁶*Id.*

¹⁵⁷*Id.*

¹⁵⁸*Id.*

¹⁵⁹*Id.* See also Frundt, *supra* note 147, at 61-71 (for further documentation of Trotter’s involvement in the murder and intimidation of union officials, and evidence of his collaboration with the police and the government to accomplish his anti-unionist goals).

¹⁶⁰*Soft Drink, Hard Labor: Guatemalan Workers take on Coca-Cola*, *supra* note 153, at 14.

¹⁶¹See, e.g., Louis & Yazijian, *supra* note 5, at 189.

¹⁶²Frundt, *supra* note 147, at 88.

Pepsi a sizeable lead, or that Coca-Cola's image had been badly maligned.

The Coca-Cola Company stated that it could not legally break its contract with Trotter, yet this probably merely served as an excuse; Trotter's contract, far from being open-ended as the Company had led the ICCR to believe, was up in 1981.¹⁶³ Furthermore, in light of the bloodshed in Guatemala, it would have been perfectly appropriate for the parent Company to intervene and break Trotter's contract earlier. The Company already dictated bottlers' production, selling, distribution, and promotional procedures down to the last detail; intervening in light of allegations of intimidation and murder by one of its bottlers would seem to be even more important. Furthermore, several of Coke's franchises had contracts that permitted the parent Company to withdraw a license if there was "a violation of ethical and business norms."¹⁶⁴ Yet the Company's investigations in Guatemala were undertaken more to appease its religious shareholders than to uncover any wrongdoing by Trotter, as is evidenced by the fact that those who could testify to Trotter's role in the bloodshed were not interviewed by Coke's investigators.¹⁶⁵ It seems as though Coca-Cola managers wished to have their cake and eat it too: be able to control all marketing and production activities of the overseas bottlers, and at the same time not be held responsible when bottlers independently used tactics that degraded human rights and basic minimum labor standards. Considering the Company's focus on its clean and wholesome image, it is surprising that the Company did not get rid of Trotter sooner, if not in the name of human dignity then at least in the name of its image and decreased profits. It has been suggested that the Company believed that acting hastily would "open a Pandora's box,"¹⁶⁶ and establish a precedent that would require the Company to intervene anywhere in the world "whenever employees had a grievance with their local bottler."¹⁶⁷ This seems like a logical explanation, but it is strange that the Company chose to ignore that murder, bribes, and torture did not constitute one's average "grievances." There should

¹⁶³*Id.* at 89.

¹⁶⁴*Id.* at 153.

¹⁶⁵*Id.* at 86-90.

¹⁶⁶*Id.*

¹⁶⁷*Id.*

be some corporate responsibility to intervene when people are dying; hiding behind the franchise system surely cannot be the right solution. One author suggests that mismanagement characteristic of any Western bureaucracy, a misunderstanding of trade unions, and the lack of an accountability system on human rights no doubt contributed to Coca-Cola's bad choices.¹⁶⁸

Although the managers of Coca-Cola did not break Trotter's contract, they did decide not to renew it in 1981. Coca-Cola was ultimately forced to do at least this much, since they were facing international pressure from the International Union of Food and Allied Workers (IUF), Amnesty International, and even the U.S. State Department,¹⁶⁹ not to mention consumer boycotts around the world. Coca-Cola found a new owner, and following repair work and construction on the plant, work resumed at the Guatemala bottling plant on March 1, 1985. Although the crimes perpetrated in Guatemala were not directly attributable to Trotter or Coca-Cola (after all, the Guatemalan military government was intent on destroying unions and suspected communists as part of their own agenda) there is no question that Trotter used the political regime to his advantage. Coca-Cola, as the parent Company, should not have tolerated Trotter's behavior, and should have pulled out of Guatemala to avoid association with such tactics even if doing so would have hampered future production in Guatemala. The issue of corporate social and ethical responsibility was addressed at the Company's annual meeting in 1985. Church shareholders and IUF representatives put forth a measure that would require all subsidiaries and future franchises of Coca-Cola to observe the basic human rights of their employees. Coca-Cola's managers, however, called the proposal "unworkable," stating that it would encourage parties to look to the parent Company instead of solving problems at the local level.¹⁷⁰ Nonetheless, shareholders cast 6,385,818 votes (6.4 percent) in favor of the proposal, double the usual percentage received for social responsibility initiatives.¹⁷¹ The Guatemala crisis had obviously brought

¹⁶⁸*Id.* at 230-231.

¹⁶⁹*Id.* at 99.

¹⁷⁰*Id.* at 221.

¹⁷¹*Id.*

such issues to the forefront of people's minds, even if the proposal did not ultimately receive enough votes.

The Arab Boycott

Although not as ethically questionable as Coke's role in the Guatemala crisis described above, the Arab boycott of Israel provides another example of Coca-Cola trying to reconcile its image as an American, moral, good product with its international activities. After WWII, Coke moved into the Middle East, the perfect market with its hot sandy climate and religious taboos against alcohol. By 1966 Coke had eighteen bottling plants in most of the Middle Eastern countries. However, Coca-Cola was not bottled in Israel at the time, no doubt because of the policies of the Arab League. The Arab League, founded in 1945 to promote Arab interests, was waging an economic war against Israel by refusing to do business with the new state (primary boycotts) and by refusing to have economic relations with companies that did business with it (secondary boycotts).¹⁷² In 1966, Paul Austin, the tenth President of the Coca-Cola Company, refused to grant a franchise to an Israeli bottler. The topic made headlines, and within a week the American Jewish community was calling for a boycott of its own against Coke.¹⁷³ Manhattan's Mount Sinai Hospital stopped serving Coke, and Nathan's Famous Hot Dog emporium on Coney Island threatened to do the same. Offended Jews in Chicago and Los Angeles apparently threw Coke coolers out of second-story windows.¹⁷⁴ The Company responded that the market in Israel was not conducive to profitable sales, and that the Company would of course never respect the Arab boycott of Israel.¹⁷⁵

Nobody bought the Company's explanation, and the Anti-Defamation League of B'nai B'rith investigated, concluding that Israel's consumption mirrored Ireland's, which had three Coke bottling plants.¹⁷⁶ Addition-

¹⁷²See generally Gil Feiler, *From Boycott to Economic Cooperation: The Political Economy of the Arab Boycott of Israel* 1 (Frank Cass Publishers 1998) (providing a full history of the boycott against Israel and the effect of the boycott on the Israeli economy).

¹⁷³See, e.g., Louis & Yazijian, *supra* note 5, at 161.

¹⁷⁴Pendergrast, *supra* note 1, at 285.

¹⁷⁵E.g., Louis & Yazijian, *supra* note 5, at 162.

¹⁷⁶*Id.* at 161.

ally, Coke's refusal to grant the franchise was clearly inconsistent with its expansionist goals. Realizing that it could not afford to lose its Jewish American consumers, Coca-Cola reconsidered its position. Eight days after the scandal began Coke announced that it had granted Israel's first franchise in Tel Aviv. Six months later, the Arab League voted to ban Coca-Cola products, and the Company was added to the blacklist, in spite of Coke's efforts to convince the league that the Company was not investing one cent inside Israel—the business there was merely a franchise, not a subsidiary.¹⁷⁷ Coke had to watch as the Middle Eastern business collapsed after twenty years of hard work. Yet although the Middle Eastern market was much more profitable than the Israeli market, the Company obviously thought that it would lose money if it alienated the Jewish American population at home. The Company crunched the numbers and came up with a decision in favor of granting the franchise in Israel. As one author put it: "In what must have been a painful decision, it [Coke] was forced to choose between its image at home and a fruitful market abroad."¹⁷⁸

Ultimately it seems that Coke fell victim to its own symbolism as the typical American product. On the one hand, the American public expected Coke to make the right, moral decision because the Company had always presented itself and its product as inherently good, honest, and pro-American. Yet on the other hand, the Arabs viewed Coke's decision as an indication that the American Company was a Jewish sympathizer, as (no doubt) most Americans were in their minds. The Anti-Defamation League congratulated Coke on its "morality" in protesting the boycott and contributing to the economic welfare of Israel. In 1977 Austin was awarded a medal for "distinguished service to democracy and freedom."¹⁷⁹ The irony is that Coke's decision was not a moral one at all (if Coke had felt some ethical duty to grant the franchise in Israel it would have done so at the beginning, on its own, without pressure from the public). Additionally, Coke was constantly on the lookout for ways to break the ban and get back into the Middle East market. Coke was successful in re-entering Egypt in 1976, a country economically crippled and still recovering from the 1973 war, and

¹⁷⁷Pendergrast, *supra* note 1, at 286.

¹⁷⁸Louis & Yazijian, *supra* note 5, at 162.

¹⁷⁹*Id.* at 287.

in need of Western aid.¹⁸⁰ As the Arab boycott steadily eroded (it officially ended in 1991) other countries began lifting the ban on Coke, including Kuwait, Saudi Arabia, and the United Arab Emirates.

The Iron Curtain

In 1965, Paul Austin convinced Woodruff that Coke would do just as well behind the Iron Curtain as it did in America. The Bulgarian government signed on as a Coca-Cola bottler, and Rumania, Czechoslovakia, and Yugoslavia soon did the same. Austin initiated contacts with the Soviet government, and asked the State Department if it would object to the sale of Coca-Cola in Russia. After receiving a favorable consensus from the government and from other advisors—including Farley who had raged against Communism following WWII¹⁸¹—Austin sent representatives to the Kremlin to work out the details. When the plan leaked out to the U.S. media, however, the company received negative press. Newspapers complained that the profits from Russian Coke would be used to help the Communists in Vietnam, whose troops were killing U.S. soldiers.¹⁸² Austin ultimately concluded that Americans were not ready for a relationship with the Communists and backed out of the deal.

There was a certain irony, again, in Coca-Cola trying to play on both sides of the same war—of offering full support to Lyndon Johnson and the anti-Communist cause in Vietnam (although not advertising such support as it had done in WWII since this time many Americans were ambivalent about the war) and at the same time trying to infiltrate the market in Russia. Of course, Coca-Cola has always viewed itself as serving humanity, regardless of politics and world conflict. Yet the fact is that Coca-Cola has benefited from politics—from its cozy relationships with U.S. presidents¹⁸³ to its marketing strategies that have taken

¹⁸⁰*Id.*

¹⁸¹Pendergrast, *supra* note 1, at 284.

¹⁸²*Id.* at 285.

¹⁸³For example, Coca-Cola leaders have been very friendly with John F. Kennedy, Lyndon B. Johnson, Jimmy Carter, and Franklin Roosevelt to name a few. *See generally* Pendergrast, *supra* note 1, (providing a complete history of these relationships). *See also* Louis & Yazijian, *supra* note 5, at 275 (describing how Carter, as governor of Georgia, would reject transportation

advantage of politics and religion to create an image of itself as symbolic of all that is good and American. Thus, surely it is disingenuous and hypocritical to then turn around and claim neutral status in the name of profits abroad. Perhaps this would not be the case if Coca-Cola had never held itself up as a bastion of American democracy, patriotism, and goodness; that is, if the Company had not used politics to create this image, there would be no hypocrisy. Perhaps this is the reason that when Pepsi (who had not advertised itself as America's ambassador abroad) began business in Russia around the same time, the papers did not even mention it.¹⁸⁴

With the fall of the Berlin Wall Coke had a new market of ex-Communists to pitch their drink to, and in 1991 the Company poured \$450 million into East Germany alone to upgrade outmoded government plants and train new Coca-Cola workers. While Coke's surge in East Germany was quick, Eastern Europe and Russia were harder to infiltrate since Pepsi dominated in those regions. Yet Coca-Cola was determined, forming a Ukrainian joint venture, as well as a partnership in Moscow to fund a syrup plant and 2,000 kiosks throughout the city.¹⁸⁵ In addition, despite the 1989 massacre in Tiananmen Square, Coke continued to expand, forming joint ventures with the Chinese government. Apparently the Chinese government saw Coca-Cola as a symbol of its socialist market economy, according to one Coke executive.¹⁸⁶ By 1993 the annual per capita consumption in China had increased by 38% to two drinks a year.

South Africa

Coca-Cola's activities in South Africa have been questionable at times. Coca-Cola arrived in South Africa in 1938. American capital was very important to the South African economy, as was evident by the Sharpeville massacre in March 1960, when South African police fired on unarmed African protestors of apartheid,

provided by the state in favor of free travel aboard Coca-Cola's aircraft to and from Washington, and how during his travels to Europe and Japan he was greeted at each stop by Coca-Cola executives).

¹⁸⁴ See Pendergrast, *supra* note 1, at 275.

¹⁸⁵ *Id.* at 391.

¹⁸⁶ *Id.* at 392.

killing sixty-nine and wounding over two hundred.¹⁸⁷ The massacre provoked an international public outcry and massive capital flight, but many American corporations helped the situation with substantial new investments, including Coca-Cola; the South African government survived the crisis and by the end of the 1960s, American direct investment had topped \$1 billion.¹⁸⁸ According to one author: “The ironies in all this are palpable. At the very moment that the United States began tentatively to confront the problem of racial inequality, it was deeply implicated in the elaboration of apartheid in South Africa.”¹⁸⁹ It was reported in 1973 that Coca-Cola paid their white workers much higher salaries than their black counterparts, and in 1978 Coca-Cola refused to cooperate with a Senate Foreign Relations Subcommittee investigation into the role of American subsidiaries in perpetuating South Africa’s racist policies.¹⁹⁰ At the time, three of Coke’s bottling franchises in South Africa were directly owned by the parent Company in Atlanta, and 70% of the South African market belonged to Coke.¹⁹¹ The Company probably did not think it necessary to answer to questions regarding plant policies because of its strong hold on the market.

Because of America’s heightened racial awareness, in 1968 Congress passed sanctions on the apartheid regime for the first time—a blow to the Coca-Cola Company, whose South African business was booming.¹⁹² In 1985, a few months after the anti-apartheid activists picketed Coke’s centennial celebration, the Company announced that it planned to disinvest in South Africa, following a boycott threat from the Reverend Joseph Lowery and his Atlanta-based Southern Christian Leadership Conference.¹⁹³ Furthermore, Coke stated that it would sell its bottling plants to qualified black owners. The Company set up an Equal Opportunity Fund (EOF) with a 10 million dollar endowment. The Company’s concentrate plant moved from Durban to black-controlled Swaziland, instantly doubling that tiny country’s tax revenue.¹⁹⁴ While Coca-Cola undoubtedly

¹⁸⁷See “*Here, There and Everywhere*”: *The Foreign Politics of American Popular Culture*, *supra* note 126, at 54.

¹⁸⁸See *id.* at 55.

¹⁸⁹*Id.*

¹⁹⁰Louis & Yazijian, *supra* note 5, at 164.

¹⁹¹*Id.*

¹⁹²Pendergrast, *supra* note 12, at 297.

¹⁹³Pendergrast, *supra* note 1, at 370.

¹⁹⁴*Id.*

helped South Africa, especially through the EOF, it was not, as the Reverend claimed, making a “a strong moral statement,”¹⁹⁵ but rather responding to public opinion. Furthermore, Coca-Cola continued to supply its independent bottlers with syrup and marketing advice, leading some to wonder if this really was a “disinvestment” at all.¹⁹⁶

In February 1990, Nelson Mandela was released from prison and in 1991 apartheid in South Africa was abolished by statute. Coca-Cola immediately sent Carl Ware, its “persuasive black executive,”¹⁹⁷ to befriend Mandela and convince him to call off the boycott against Coke that he had encouraged.¹⁹⁸ Ware convinced Mandela that the Company would give its full support in a new black-run regime and join the struggle against apartheid.¹⁹⁹ This is not surprising; Coca-Cola has always been willing to adapt to new political situations. Thus, while in the past the Company had benefited from apartheid, now it would fight against it. Mandela changed his mind about Coca-Cola, no doubt realizing that money had to speak louder than principles in order to get South Africa back on its feet.

In all fairness to Coca-Cola, the Company has done good things in South Africa, even if its acts have been motivated by profit rather than ethics. According to a 1999 study, it is estimated that 178,205 jobs in South Africa have been supported, directly or indirectly, by the Coca-Cola Company.²⁰⁰ The study claims that the Coca-Cola system interacts with a multitude of small retail businesses on a daily basis, and helps these mom-and pop stores to survive and thrive by providing unrivaled brand recognition, quick turnover, and high margins.²⁰¹ The business of producing, distributing, and selling soft drinks has a significant economic impact on these micro-enterprises, and according to the study the total direct and indirect contribution

¹⁹⁵*Id.*

¹⁹⁶*Id.* at 371. See generally Vic Razis, *The American Connection* 18-21 (Frances Pinter Publishers 1986) (discussing the trend of South African disinvestment in the 1980s).

¹⁹⁷Pendergrast, *supra* note 1, at 393.

¹⁹⁸Mandela believed that Coca-Cola executives had encouraged apartheid in South Africa and on his 1990 American tour he refused to have anything to do with the Company.

¹⁹⁹Pendergrast, *supra* note 1, at 394.

²⁰⁰Douglas P. Woodward & Sandra J. Teel, *Doing Business in South Africa*, 45 (4) Bus. & Econ. Rev. 5 (1999), available at <http://gateway2.ovid.com/ovidweb.cgi>.

²⁰¹*Id.* at 3.

of the Coca-Cola network to South Africa's gross domestic product was estimated to be U.S. \$1.9 billion in 1998.²⁰² Informal distribution channels generate thousands of ongoing enterprises, and about 215,000 informal traders connect with the Coca-Cola system.²⁰³ According to the study: "These small shopkeepers and other trade ventures also have a strong vested interest in maintaining safe communities with adequate property protection. Some form community associations. . . they [the shops] become social and political hubs, a place in the neighborhood to exchange information."²⁰⁴ Clearly, Coca-Cola has contributed to South Africa's economic and political growth, and to small business development. As Mark Pendergrast put it: "For its own selfish ends, then, Coca-Cola does indeed try to promote the peace and harmony it promises in its commercials."²⁰⁵ Pendergrast does not, however, question whether this level of responsibility is enough, or whether the Company should consistently live up to the image that it has perpetuated throughout its history and that it continues to perpetuate, regardless of profits.

Current Image and More Recent Criticisms

The Company currently advertises itself as "a company you can count on" and as "a welcomed friend and trusted neighbor" that has earned its place by being "involved, concerned and committed citizens."²⁰⁶ The Company claims that Coca-Cola helps to "reinforce the values of family strength, security, and love,"²⁰⁷ and it has recently formed a partnership with Harry Potter to emphasize its commitment to "friendship, love, self-reliance. . . shared experiences. . . and diversity."²⁰⁸ The Company also prides itself on "maintaining a special place in local cultures."²⁰⁹ Of course, there have been changes in Coca-Cola's advertising over the years as politics and public opinion have changed. For example, to respond to people's increased health

²⁰²*Id.* at 6

²⁰³*Id.* at 6

²⁰⁴*Id.*

²⁰⁵Pendergrast, *supra* note 1, at 453.

²⁰⁶The Coca-Cola Company, 1999 *Annual Report* 24.

²⁰⁷*Id.* at 18.

²⁰⁸The Coca-Cola Company, 2000 *Annual Report* 13. Author J.K. Rowling's stories of Harry Potter, an orphaned 11-year-old wizard, have become extremely popular amongst children and adults alike.

²⁰⁹*Id.* at 5.

consciousness, Coca-Cola no longer claims that its products can “aid digestion” but rather that one needs “psychological refreshment” as well as nutritious food and Coca-Cola can provide the former.²¹⁰ Additionally, in response to criticisms that the Company sells its nutrition-devoid drinks to people around the world that barely have enough to eat²¹¹, Coca-Cola has developed fortified snack drinks whose packaging specifically appeals to children and whose nutritional content appeals to mothers.²¹² What has remained consistent over the years, however, is the general theme that the Coca-Cola brand, which is at the center of all the Company’s products, is a symbol of good American values and that somehow drinking Coke will contribute to those values. Coca-Cola is necessary to one’s way of life: this is the message the Company has propagated throughout its history.

Yet Coke’s history contradicts its pure image, as the previous examples have emphasized. It is important to distinguish, however, between instances in which Coca-Cola is merely a convenient scapegoat for U.S. practices or policies in general, and instances in which Coca-Cola itself has contributed to social injustices. For example, in 1999 Coke was targeted by Chinese students upset about the NATO bombing of the Chinese Embassy in Yugoslavia, and by French café owners angry over U.S. trade policies.²¹³ Coca-Cola did not cause or contribute to the bombing or the unpopular trade policies; Coca-Cola merely served as a convenient product to boycott in protest. However, there are instances, mentioned above, in which Coca-Cola itself has contributed to human rights violations or other realities that are socially undesirable. In addition to the examples already discussed, more recent examples serve to demonstrate the ongoing contradictions between the image and the reality of Coca-Cola.

Nigeria

²¹⁰Louis & Yazijian, *supra* note 5, at 255.

²¹¹See, e.g., Free Nigeria Movement, *Boycott Coca-Cola!* 1 (1997), <http://www.freenigeria.org/coke.html>.

²¹²See The Coca-Cola Company, *supra* note 208, at 21.

²¹³Elise Ackerman, *It's the Real Thing: A Crisis at Coca-Cola*, U.S. News Online, Oct. 4, 1999, at 3, *available at* <http://www.usnews.com/usnews/issue/991004/coke.html>. The author points out that Coke’s status as an American icon is as likely to promote a boycott as a sale.

Coca-Cola was criticized and boycotted for supporting the military regime under General Sani Abacha, the Nigerian dictator accused of murderous human rights violations who died on June 8, 1998.²¹⁴ Those who urged the boycott of Coke in the U.S. pointed out that Coca-Cola, by co-sponsoring events organized by General Abacha, became a propaganda tool for the military regime to “show that even the best known company/product on earth endorses military rule.”²¹⁵ The boycotters accused Coca-Cola of benefiting from the illegal and illegitimate regime (its market share increased by 9% under it) while the duly elected Representatives of the Nigerian people “languished in Abacha’s jails.”²¹⁶ The boycotters also pointed out the irony inherent in Coke’s claim that it is apolitical, stating that by aligning itself with the regime it is making a political choice to give it legitimacy, and by not speaking out against human rights abuses they “give silent approval to such abuses.”²¹⁷ In a 1997 article discussing the then recently signed deal between the Madison Metropolitan School District and Coke to allow for a \$1.5 million marketing contract, teachers and students expressed their disapproval.²¹⁸ Many saw the irony that in Madison, WI, Coca-Cola was trying to portray itself as a supporter of children’s interests, while halfway around the world in Nigeria “they are supporting a regime which has contributed to the deaths of millions of children.”²¹⁹ This article also points out that many corporations pulled out of Nigeria because of the impossibility of doing business there without financially supporting the crimes of the Abacha regime. Coca-Cola decided to stay, and in doing so it clearly put profits ahead of principle. The fact that many other companies did leave Nigeria gives rise to the question whether or not Coke should have done the same—staying surely was not consistent with its image as a “trusted friend and neighbor” or “concerned citizen.” In many ways Coke’s role in Nigeria is reminiscent of its role in Nazi

²¹⁴In May 1999, Nigeria elected Olusegun Obasanjo as President, the first democratically elected president since 1979. He has taken over a dismal economy, feuding ethnic groups, and depressed oil prices, but Nigerians hope he will be able to improve the country’s economy and aid in the move towards democracy.

²¹⁵Free Nigeria Movement, *supra* note 211, at 1.

²¹⁶*Id.*

²¹⁷*Id.*

²¹⁸Free Nigeria Movement, *FNM Call to Action: Stop Coca-Cola in Madison, WI* (1997) 1, <http://lists.essential.org/1997/shell-nigeria-action/msg00269.html>.

²¹⁹*Id.* at 2

Germany decades earlier.

Tabasco, Mexico

If Nigeria is reminiscent of Nazi Germany, then Mexico is definitely reminiscent of Guatemala. In September 1999, violence broke out at the Tabasco Coca-Cola plant and administrative headquarters, two weeks before a highly anticipated vote was to be held in which workers would decide whether or not to break away from the current union aligned with Mexico's ruling political party (CROC) to join a new independent union. Several Coca-Cola employees in favor of union dissent were sitting inside the front entrance of the plant discussing the upcoming vote with co-workers, when a group of unidentified men allegedly hired by the leader of CROC arrived on the scene and attacked them with metal, tubes, clubs and bayonets.²²⁰ Hector Mendoza Borja, Director of Human Resources at the Coca-Cola plant, allegedly ordered locks to be put on the front entrance following the arrival of the aggressors so that the workers would not be able to flee the attack.²²¹ Following an investigation into the attack, Coca-Cola management allegedly complied with intimidation tactics to scare the dissident unionists at the plant, and hired 200 armed guards to monitor activity at the plant.²²² The Coca-Cola parent Company managers stated that it was not their policy to get involved in its franchisee's local affairs and politics, even though there was evidence that the local bottler had violated minimum labor standards in place.²²³ Thus, the situation in Mexico serves as a more recent example of Coca-Cola picking and choosing when and how it will enter politics. Yet to remain apolitical in these circumstances is in direct contradiction to Coke's image as an American representative abroad, since this image (which the Company worked hard to create) is by its very nature political.

Marketing Strategies and the Coca-Cola Brand: Will Coke Ever Lose its American Icon Status?

²²⁰Nizkor Int. Human Rights Team, *Labour Racketeering Used to Impede Right to Organize at the Tabasco, Mexico Coca-Cola Plant 1* (1999), <http://www.peace.ca/labourracketeering.html>.

²²¹*Id.*

²²²*Id.* at 2.

²²³*Id.* at 3.

One interesting question is whether or not the Company's new strategy to "think local and act local" in its overseas marketing will eventually undermine Coca-Cola's status as an American icon, hence changing its image from that of an American representative abroad to a "local company" and thus making it less important for the Company to conduct itself with its American icon status always in mind. A company should of course always conduct itself in an ethical manner, but what makes Coke unique is that it created its image as an American ambassador abroad to appeal to its American consumers' feelings of patriotism and political views, and it has perpetuated its product as a symbol of good American values throughout its history, making any actions against that image hypocritical and dishonest. Yet if Coke's image changes and loses its connection with America, becoming a local product in each country where it is sold, Americans may no longer hold the Company to such a high level of scrutiny. Since it is the consumer who often has the power to curb any unethical activity of a company through boycotting, if Coca-Cola becomes sufficiently disassociated from its American roots, American consumers may no longer be interested in speaking out against what this seemingly "non-American" company is doing abroad. However, it seems clear that although the Company has put forth many new brands in recent years to appeal to local tastes—from Cappy in Czechoslovakia to Mone in Japan—many of which the American public has never even heard of, at the center of all these other products is the Coca-Cola brand, a uniquely America product that will probably always be the first on the market in every country that the Company enters.

In fact, attempts in the past to change Coca-Cola itself have met with disapproval and contempt from American consumers. In April 1985, Roberto C. Goizueta, the chairman and chief executive officer of Coca-Cola at the time, announced that New Coke would replace Coke on the market. Goizueta had changed the formula of Coke—the secret, mysterious formula that everyone loved—and the result by all accounts was a public outcry.²²⁴ People across the country demanded the return of the original Coca-Cola. Interestingly

²²⁴ *E.g.*, Allen, *supra* note 38, at 413.

enough, the reason Goizueta had changed the formula in the first place is that nearly two hundred thousand consumer taste tests had revealed a resounding preference for the new taste.²²⁵ Ironically, the new formula made Coke sweeter and less fizzy—i.e. more like Pepsi, Coke’s most serious competitor. Roger Enrico, the President and CEO of the Pepsi-Cola Company at the time, was delighted, and gave all Pepsi employees a day off to celebrate the victory.²²⁶ According to Enrico, by changing the formula to make it more like Pepsi, the Coca-Cola Company was admitting that Pepsi did in fact taste better.²²⁷

If Coke consumers really preferred the new taste in the blind taste tests, why would they object to New Coke? The reason undoubtedly seems to be that it was not the taste of Coke that had come to mean so much to consumers but rather the image behind the drink. Coke had come to symbolize continuity, stability, and tradition, and changing the formula was a violation of this image. Sergio Zyman, a marketer for the Coca-Cola Company at the time that New Coke was launched, states in his book that New Coke was promising choice and change, and “consumers who had a strong understanding and feeling for the brand [Coca-Cola] and its core foundational elements would not accept something that seemed so contrary to what they understood the product to be about.”²²⁸ Zyman also states that a product must remain true to its image, and he compares Coca-Cola to Pepsi: “Pepsi, unlike Coke, does stand for choice and change.”²²⁹ Zyman continues: “Its [Pepsi’s] positioning has always been about youth, doing things differently and unpredictably...for Coke, a sentimental ad about going to a family reunion and warm fuzzy images of Santa Claus...might be perfect, whereas for Pepsi drinkers, ads like this would be a major shock.”²³⁰ Thus, consumers objected to the change in formula because change itself was inherently *not* what Coke was ever about. As one angry American wrote: “Changing Coke is like God making the grass purple.”²³¹ Another consumer stated: “I

²²⁵ *E.g.*, Oliver, *supra* note 3, at 4.

²²⁶ Roger Enrico, *The Other Guy Blinked and Other Dispatches from the Cola Wars* 13 (Bantam Books 1986).

²²⁷ *Id.*

²²⁸ Zyman, *supra* note 47, at 86.

²²⁹ *Id.*

²³⁰ *Id.*

²³¹ Pendergrast, *supra* note 1, at 2.

don't think I would be more upset if you were to burn a flag on our front yard.”²³² Coke had become sacred; not all products inspire such passion in people. The Company, realizing it had made a mistake, offered a public apology to its consumers and brought back the original Coca-Cola under a new name: Coca-Cola Classic. Coca-Cola Classic soon became known as the “The Real Thing” in Coke ads, never to be changed again.

Robert Woodruff had worked hard to make sure not only that Coke would be associated with good American values, but also that it would always remain the same—a symbol of continuity and certainty. For example, once it was clear that the drink would be sold overseas, there were those who recommended modifying its flavor to suit the taste bud of each nationality, but Woodruff refused, sticking to his belief that Coke's single, secret formula would provide universal appeal. Of course, the Company has since diversified and developed different brands, but the formula of the Coca-Cola brand has remained the same around the globe. Another example of Woodruff's refusal to diversify in even the smallest way was his refusal to change Coke's packaging until forced to do so. Coke was sold in the characteristic six-ounce bottles until the 1950s when it became clear that competition from other soft drink companies, especially Pepsi, made it necessary to diversify its packaging to compete.²³³ Additionally, when the Company introduced Sprite in 1961, Woodruff complained that the citrus flavor was too sweet and that the Company should stick to what it knew best—producing and selling Coke.²³⁴ The public, in many ways, also agreed that the Company should stick to what it knew best. In 1977, Coke attempted to diversify into the wine business. It never earned much money, and angry Southern Baptist stockholders complained that their pure company should not promote alcohol.²³⁵ Asa Candler no doubt would have agreed. Coca-Cola started as a National Temperance Drink, and to move into the wine business did not fit in with this early image. Coca-Cola soon abandoned its wine ventures.

²³² *Id.*

²³³ *E.g.*, Palazzini, *supra* note 2, at 31.

²³⁴ *E.g.*, Allen, *supra* note 38, at 319.

²³⁵ *E.g.*, Watters, *supra* note 4, at 208.

This image of Coke as unchanging was clearly embedded in the public's mind by the time New Coke was released. Some cynics believe that the Company planned the entire fiasco to rejuvenate the public's interest in the old Coke.²³⁶ Sergio Zyman states that the Company did not realize the public's attachment to Coke, and did not realize fully that people buy it because "it's old and familiar and they feel comfortable with it," not just for the taste.²³⁷ Yet Zyman states that New Coke was certainly not a mistake because it did ultimately serve to "revitalize the relationship of the brand Coca-Cola with consumers in the United States" even if it didn't "play out as I had thought."²³⁸

Given Coke's history, it seems highly unlikely that the Company would ever be able to get away with changing the Coca-Cola brand, even if it wanted to. Coca-Cola will always be constant, and will always be a uniquely American product. Similarly, no matter how much the Company "localizes," the Coca-Cola Company will always be viewed by the world as a uniquely American company. Yet there has always been a tension between the Company's advertising of its product as American and the Company's desire to be accepted as a "national" of each country in which it does business, and for its products to be considered local products. Douglas Daft, the current chairman and CEO of Coca-Cola, has stated that the company will "think locally and act locally."²³⁹ This strategy is part of Daft's overall plan to decentralize Coca-Cola's management and give local responsibility back to local managers to "ride the second wave of globalization."²⁴⁰ Daft attributes Coke's slower volume growth and drop in earnings in the mid to late nineties to a change in global conditions, requiring flexibility and adaptation on the Company's part.

In the mid eighties the Company decided to centralize operations and consolidate many local, independent bottling companies in order to provide more efficient service to an increasingly consolidated retail trade.

This strategy served the shareholders well, but by the mid-nineties it was no longer working. Daft states:

²³⁶Oliver, *supra* note 3, at 181.

²³⁷Zyman, *supra* note 47, at 48.

²³⁸*Id.*

²³⁹Douglas Daft, *Connecting with Global Consumers*, 17 (10) Provo 11 (2000).

²⁴⁰*Id.* at 12.

“The rapid change and the uncertainty of global markets...are triggering a desire to withdraw, pull the shades, and safeguard local brands.”²⁴¹ According to Daft, Coca-Cola needs to respond to this situation by moving back to decentralization, which means local management and responsibility, and local brands and advertising.²⁴² Daft seeks to make Coca-Cola a truly multi-branded drinks company by boosting the smaller brands that Coca-Cola already owns and creating new ones. The new CEO plans to shift the focus from soda to faster-growing teas, waters, and juices, representing “a radical change for what had been a one-drink wonder company.”²⁴³ According to Daft: “People don’t buy drinks globally...you can’t pander to similarities between people...you have to find the differences.”²⁴⁴ Thus, Coca-Cola managers should not count on Coca-Cola to simply sell itself. Zyman states the same view: “Even though Coke means many things to many people today, things won’t stay that way. Loyalty and attachment are perishable. The company will have to continue to broaden that definition, and if it doesn’t, the definition will narrow by itself.”²⁴⁵ Although Coca-Cola has always prided itself on adapting to local cultures, Daft seems to be the first leader at Coca-Cola to suggest that the brand Coca-Cola may not be as special, or as sacred, as people once thought.

Nonetheless, it would take generations for the image of Coke as inherently American, and as symbolic of American values, to leave the consumer’s mind, either in the U.S. or abroad. While the Company has successfully marketed local brands to suit local tastes, and will continue to do so under Daft’s new plan, the brand Coca-Cola itself will probably not change. Thus, at the center of this “think local, act local” approach there remains a brand with a history that is grounded in an American context. It is likely that wherever the Coca-Cola Company goes, it will not be able to shake its image as an American representative abroad. Furthermore, even if it *were* able to shed this image, which the “think local, act local” approach

²⁴¹*Id.*

²⁴²Douglas Daft, *Debunking Coke*, 354 (70) *Economist* 70 (2000).

²⁴³Suh-kyung Yoon, *Working up a thirst to quench Asia*, 164 (4) *Far Eastern Econ. Rev.* 35 (2001).

²⁴⁴Daft, *supra* note 242, at 70.

²⁴⁵Zyman, *supra* note 47, at 130.

perhaps seeks to do, the Company obviously plans to cling to that part of its image that is symbolic of goodness, honesty, and truth, as is evident in Daft's statement (and numerous Company publications) that Coca-Cola must first and foremost be "a trusted friend and a good neighbor" in every country where it does business,²⁴⁶ and be "open," "caring," and "lead as model citizens in every community we serve."²⁴⁷ Thus, regardless of whether Coca-Cola loses its American icon status in the countries in which it is sold (which is highly unlikely), it will always be symbolic of goodness, purity, and honesty, and so the Company should conduct itself in accordance with these values in a consistent manner, not merely when it is politically or economically convenient to do so.

Conclusion

Coca-Cola is one of the most successful and powerful multinational corporations in the world, with businesses in nearly 200 countries. From its early beginnings to the present, the Company has been blessed with strong, determined, and politically savvy leaders who have molded Coca-Cola into the global product that it is today. The Company prides itself on the image of Coca-Cola as symbolic of all things good and right—an image that as we have seen took the Company years to create. By manipulating religious, cultural, and most importantly political views and events, the Coca-Cola Company was able to make Coca-Cola a symbol of grand, larger than life concepts, concepts such as freedom, democracy, American patriotism, and salvation. Throughout its life, the common theme has been that Coca-Cola symbolizes goodness, decency, and tradition, grounded contextually in the American way of life. In spite of recent renewed attempts to diversify on the international level and change the Company's image from American outsider to local neighbor, the Company, and its core Coca-Cola brand, will probably always call to the consumer's mind images of America, for better or for worse. Coca-Cola has inspired a level of passion and emotion in people that

²⁴⁶Daft, *supra* note 239, at 11.

²⁴⁷*Id.*

most products could never inspire. This level of emotion surrounding a soft drink—something that no one needs to survive anyway—is the result of consistent advertising over the years to raise Coke from the level of fizzy soft drink to the level of politics. Coca-Cola *is* politics, despite Company managers’ insistence to the contrary. Furthermore, by claiming to be apolitical and refusing to promote any social or political good other than increased Coke consumption, the Company is doing a disservice to the image that it so painstakingly created—the image of Coke as good, responsible, and genuine.

It is true that Coca-Cola has made efforts at corporate responsibility through educational programs, investment in local economies, increased spending in minority-and women-owned businesses, and support for organizations focused on neighborhood revitalization. Coca-Cola has indeed contributed to humanity, yet it seems reasonable to assert that it only does so when it is in its own best financial interest to do so. Even consumer boycotts boil down to money—the Company changes its policies following a large enough boycott not out of a sense of duty but because to do otherwise would result in a loss of consumers. One need only browse the web to find articles questioning Coca-Cola’s business practices abroad. The Company’s history is marred with accusations of union busting, systematic racism, and human rights abuses. Even at home in the U.S. Coca-Cola has faced accusations ranging from discrimination against black employees²⁴⁸ to the maintenance of horrendous working conditions for migrant workers.²⁴⁹ One of the suggestions in this paper has been that Coca-Cola should take greater pains to be true to the image that it has created for itself and act in a responsible and ethical manner, even when doing so may in the short run result in loss of profits. It is true that all companies should conduct themselves ethically, yet this paper argues that Coca-Cola, having used politics to its advantage to present itself as an American ambassador abroad and a symbol of freedom and all things honest and ethical, has an even greater responsibility to behave in accordance with

²⁴⁸See, e.g., Dan Sewell, *Black Workers Sue Coke* 1, <http://www.redherring.hm/cba/blackworkers.html>. (pointing out that the average black employee earns less than the average white employee even though the Company directly markets its products to blacks and blacks make up 25% of the purchase of Coke brands).

²⁴⁹Pendergrast, *supra* note 1, at 293.

this image—to do otherwise is dishonest.

Coca-Cola has profited from its image, and was only able to create this image in the first place by entering politics; thus, to claim neutral, apolitical status to avoid responsibility for its activities at home and abroad is disingenuous. At the very least the Company should not aid or contribute to social injustices, and I would argue that it should use its power to accomplish some greater social goods. This strategy may ultimately end up increasing profits over the long-term as people come to respect a Company that is true to its word. Even if a greater social and ethical awareness *were* to result in some profit loss, such a loss would probably not even begin to put a dent in what is arguably the world's most successful transnational company. Coca-Cola asked for the status it now possesses, and thus it seems reasonable that it should be responsible for representing itself in accordance with the good values that its image encompasses. Although consumer pressure through boycotts results in a public awareness that does serve to keep companies like Coca-Cola in check, such measures often take time and are sometimes ineffective. The best prevention of social and political ills would undoubtedly come from pressure within the Company itself. Some might believe that such social and ethical responsibility is unrealistic for a company in the business of making money for its shareholders. Yet Coca-Cola has always portrayed itself as so much more than a company just out to make money—surely it owes some respect to this image, the image that enabled it to capture the public's hearts and minds in the first place.

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